

**WEST VALLEY CITY
WEST VALLEY CITY, UTAH**

**FINANCIAL STATEMENTS
Using the GASB 34 Model**

For The Year Ended June 30, 2003

Together With Independent Auditor's Report

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of City Council
West Valley City
West Valley City, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Valley City as of and for the year ended June 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of West Valley City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type-activities, each major fund, and the aggregate remaining fund information of West Valley City as of June 30, 2003, and the respective changes in financial position, and the cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the City has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of June 30, 2003.

The management's discussion and analysis and information about infrastructure assets reported using the modified approach,, as noted on the table of contents, are not required parts of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 26, 2003 on our consideration of West Valley City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise West Valley City basic financial statements. The introductory section, supplementary information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

November 26, 2003

WEST VALLEY CITY MANAGEMENT'S DISCUSSION AND ANALYSIS For The Year Ended June 30, 2003

As management of West Valley City (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2003. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- As of the end of the current fiscal year, the assets of the City exceeded its liabilities by \$214,282,299 (net assets). Of this amount \$55,840,018 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The total net assets of \$214,482,299 is made up of \$143,390,252 in capital assets net of related debt and \$71,092,047 in other net assets.
- The City's total long-term liabilities decreased by \$359,008 (2.36%) during the current fiscal year.
- The Utah Cultural Celebration Center construction was completed and opened. Events hosted include the Scottish Festival, Bluegrass Music Festival, Samoan Heritage Days, Polynesian Festival, and Native American Pow-wow.
- The Municipal Building Authority successfully refinanced the bonds issued for the West Ridge Golf Course. This re-funding produced a savings of 7.6% over the life of the bonds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of West Valley City's finances, in a manner similar to a private-sector business.

- The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, you will also need to consider other non-financial factors.
- The *statement of activities* presents information showing how the City's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of West Valley City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and public improvements, parks and recreation, Community and Economic Development, Golf Courses, and the Housing Authority.

WEST VALLEY CITY MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued) For The Year Ended June 30, 2003

The government-wide financial statements include not only the City itself, but the following blended component units. The West Valley City Housing Authority (Housing Authority), and West Valley City Building Authority (Building Authority), and West Valley City Redevelopment Agency (Redevelopment Agency) are legally separate entities governed by boards appointed by the City Council, consisting of the City Council members. For financial reporting purposes, the Housing Authority, Building Authority, and Redevelopment Agency are reported as if they were part of the City's operations because their governing boards are the City Council. Therefore, the City Council is financially accountable and has significant influence over the programs, projects, activities, and level of services performed or provided by the organizations.

Fund financial statements

A *fund* is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- *Governmental funds* These funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Building Authority Fund, and Redevelopment Agency Fund, which are considered to be major funds. Data from the other 13 governmental funds are combined into a single combined column. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report. Budgetary comparison schedules have been provided to demonstrate compliance with those budgets.

- *Proprietary funds*
West Valley City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its West Ridge Golf Course, Stonebridge Golf Course, and Housing Authority.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. West Ridge Golf Course, Stonebridge Golf Course, and the Housing Authority Funds are classified as major funds and are included on the Statement of Net Assets-Proprietary Fund within this report. The basic proprietary fund financial statements can be found as listed in the table of contents.

WEST VALLEY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2003

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Notes to the financial statements are located after the statements for major funds as listed in the table of contents.

Other Information

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found as listed in the table of contents.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$214,482,299 at the close of the most recent year. By far the largest portion of the City's net assets (67%) reflects its investment in capital assets (e.g. land, buildings, improvements other than buildings, machinery and equipment, furniture and equipment, and infrastructure assets), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Since this is the first year to report all activities on the accrual basis of accounting, a comparison to the prior year is not available. In future years this section will discuss and analyze significant differences between years.

WEST VALLEY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2003

West Valley City's Net Assets

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 98,255,540	\$ 3,358,251	\$ 101,613,791
Capital assets	298,065,963	18,885,972	316,951,935
Total Assets	\$ 396,321,503	\$ 22,244,223	\$ 418,565,726
Current and other liabilities	\$ 29,686,406	\$ 835,338	\$ 30,521,744
Long term liabilities	158,704,632	14,857,051	173,561,683
Total Liabilities	\$ 188,391,038	\$ 15,692,389	\$ 204,083,427
Net assets:			
Invested in capital assets, net of related debt	\$ 139,361,331	\$ 4,028,921	\$ 143,390,252
Restricted	15,252,029		15,252,029
Unrestricted	53,317,105	2,522,913	55,840,018
Total Net Assets	\$ 207,930,465	\$ 6,551,834	\$ 214,482,299

An additional portion of the West Valley City's net assets (7.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$55,840,018) may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental activities. As with the preceding statement, this is the first year to report governmental activities on the new standard and comparison to the prior year is not available. In future years this section will discuss and analyze significant differences.

WEST VALLEY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2003

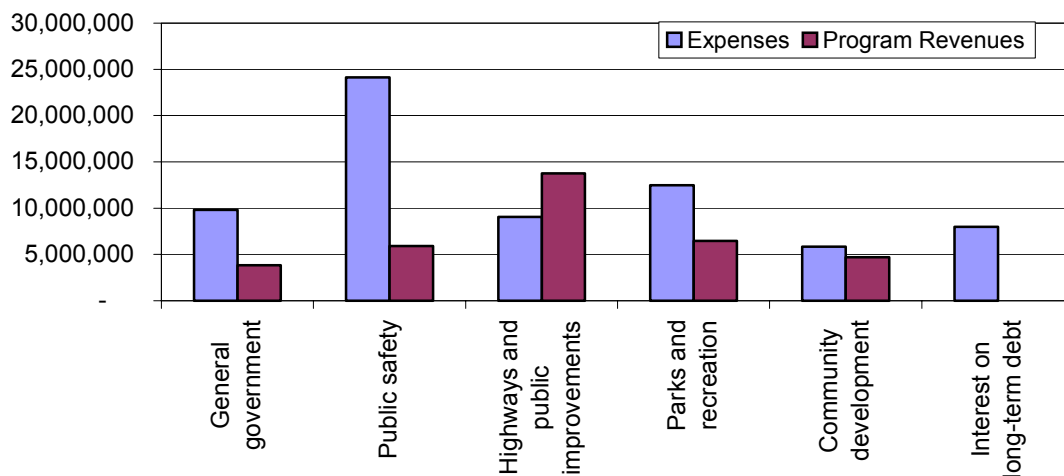
West Valley City's Changes in Net Assets

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Revenues:			
Program revenues:			
Charges for services	\$ 23,614,406	\$ 3,024,319	\$ 26,638,725
Operating grants and contributions	5,966,835	3,139,760	9,106,595
Capital grants and contributions	5,072,379	15,711	5,088,090
General revenues:			
Property taxes	16,482,426		16,482,426
Sales taxes	14,586,796		14,586,796
Franchise taxes	5,807,978		5,807,978
Other taxes	240,881		240,881
Unrestricted investment earnings	3,463,157	34,179	3,497,336
Gain on sale of assets	792,621		792,621
Total Revenues	<u>76,027,479</u>	<u>6,213,969</u>	<u>82,241,448</u>
Expenses:			
General government	9,804,666		9,804,666
Public safety	24,133,362		24,133,362
Highways and public improvements	9,062,361		9,062,361
Parks and recreation	12,491,708		12,491,708
Community development	5,826,288		5,826,288
Interest on long-term debt	7,998,498		7,998,498
Golf courses		3,999,833	3,999,833
Housing Authority		3,258,193	3,258,193
Total Expenses	<u>69,316,883</u>	<u>7,258,026</u>	<u>76,574,909</u>
Increase in net assets before transfers	6,710,596	(1,044,057)	5,666,539
Transfers	<u>(376,538)</u>	<u>376,538</u>	<u>0</u>
Increase in Net Assets	6,334,058	(667,519)	5,666,539
Net Assets - Beginning	201,393,684	7,219,353	208,613,037
Prior Period Adjustment	<u>202,723</u>		<u>202,723</u>
Net Assets - Ending	<u>\$ 207,930,465</u>	<u>\$ 6,551,834</u>	<u>\$ 214,482,299</u>

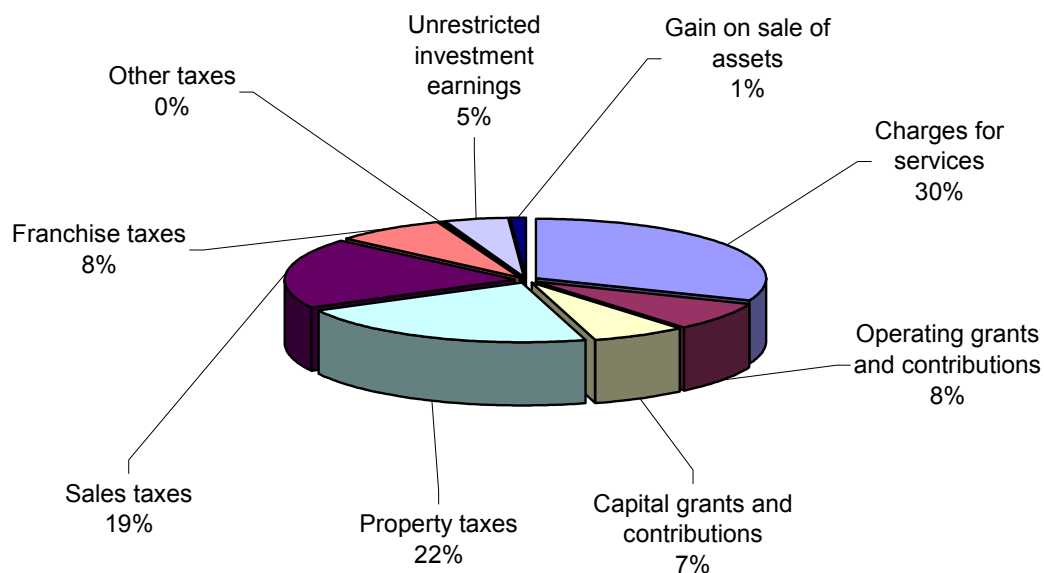
**WEST VALLEY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2003**

The following graphs display the government-side activities for governmental activities reflected in the above tables. The program revenues on the graph below do not include general revenue such as property tax, sales taxes, etc., as listed on the preceding page.

Expenses and Program Revenues - Governmental Activities



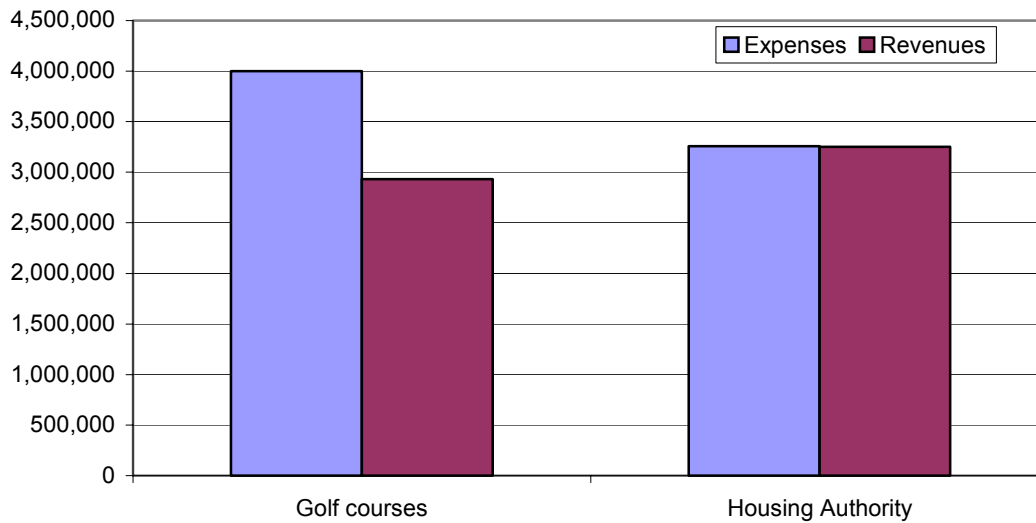
Revenues by Source - Governmental Activities



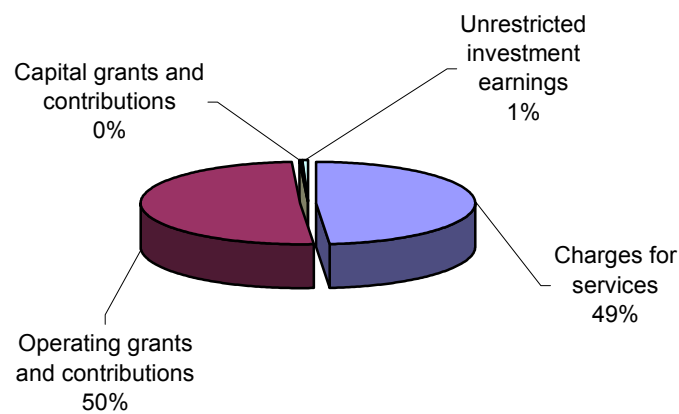
WEST VALLEY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2003

Business-type activities. Business-type activities decreased in the City's net assets by \$667,519. As of the end of the current fiscal year, West Ridge Golf Course and the Housing Authority reported positive net assets. Stonebridge Golf Course reported negative net assets of \$1,429,456.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



WEST VALLEY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2003

Financial Analysis of the Government's Funds

As noted earlier, West Valley City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of government's net resources available for spending at the end of the fiscal year. West Valley City has three Major Governmental Funds: the General Fund, Redevelopment Agency, and Municipal Building Authority.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$34,872,206. \$14,954,552 of this total amount (42.8%) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to pay debt service and for future development.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$6,319,877, while total fund balance reached \$19,089,349. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 11.64% of total general fund expenditures, while total fund balance represents 35.2% of that same amount.

The Redevelopment Agency of West Valley City was created by the City Council with the authority and responsibility for redeveloping and upgrading blighted areas of the City. The members of the City Council are also members of the Redevelopment Agency's Board of Directors and, as such, are authorized to transact business and exercise their power to plan, engineer, and carry out projects of the Redevelopment Agency. Fund balance at the end of the year was \$4,306,203 with \$11,836,584 in assets composed of cash and equivalents, receivables due from the City, and land held for future development.

The Municipal Building Authority of West Valley City was created under the provisions of the Utah Municipal Building Authority Act to acquire, build, improve and finance building projects on behalf of the City. Projects of the Municipal Building Authority include: the E-Center Arena, West Ridge Golf Course, and various additional building projects.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the West Ridge Golf Course fund at the end of the year amounted to \$4,758,656 with an increase of 3.8%. Revenues and expenses remained steady with increases of 1.6% and 3.1% respectively. Net transfers decreased by \$12,950 (3.4%) as debt service requirements decreased due to refunding a construction bond.

Unrestricted net assets of the Stonebridge Golf Course fund at the end of the year amounted to (\$1,429,456), while total net assets decreased by \$841,015 (142.9%). The decrease in net assets is a result of increased operating expenses of \$319,645 (22.3%) and a decrease in interest revenues of \$89,186 (75.3

Unrestricted net assets of the Housing Authority fund at the end of the year amounted to \$3,221,180, while total net assets increased by \$1,457 (.05%). As anticipated, the total net assets did not change significantly.

WEST VALLEY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2003

General Fund Budgetary Highlights

During the fiscal year, the General Fund's original budget was amended from an original budget expenditure total of \$50,413,902 to a final budget of \$68,689,946, an increase of \$18,276,044. These increases can be briefly summarized as follows:

- \$16,185,602 in increases in non-departmental construction.
- \$260,316 in increases to debt service.
- \$1,094,568 in increases allocated for highways and public improvements.
- \$666,050 in increases allocated to parks and recreation.
- \$35,830 in increases in general government.
- \$1,506 in decreases in public safety.
- \$35,184 in increases in community development.

Of these increases, \$18,601,391 was to be funded by issuance of construction and refunding bonds, \$426,977 was to be funded out of operating and capital donations, \$841,320 was from the State "C" Roads allotment and \$216,000 was to be funded by increased property rental income.

Capital Assets and Debt Administration

Capital assets. West Valley City's investment in capital assets for its governmental and business-type activities as of June 30, 2003, amounts to \$316,951,935 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, furniture and equipment, and infrastructure. The total increase in the City's investment in fixed assets for the current year was 3.5% (a 3.9% increase for governmental activities and a 2.6% decrease for business-type activities)

Major capital asset events during the current fiscal year include the following:

- Construction was completed on the City's Utah Cultural Celebration Center at the Riverfront at a cost of \$9,635,108.

West Valley City's Capital Assets
(Net of Depreciation)

	Governmental Activities 2003	Business - type Activities 2003	Total 2003
Land	\$ 20,248,472	\$ 12,993,938	\$ 33,242,410
Infrastructure	166,819,684		166,819,684
Buildings	115,812,602	4,514,804	120,327,406
Improvements other than buildings		1,408,970	1,408,970
Machinery and equipment	21,884,934	2,434,494	24,319,428
Furniture and equipment	504,685	14,014	518,699
Accumulated depreciation	(27,204,414)	(2,480,248)	(29,684,662)
Total Capital Assets	<u>\$ 298,065,963</u>	<u>\$ 18,885,972</u>	<u>\$ 316,951,935</u>

Additional information on the City's capital assets can be found in the footnotes to this financial report.

WEST VALLEY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2003

Infrastructure. The City has adopted an allowable alternative to reporting depreciation for three of seven infrastructure subsystems in the transportation network. Under this alternative method, referred to as the "modified approach," the City must maintain an asset management system and demonstrate that its subsystems are being preserved at or above condition levels established by City policy. Infrastructure assets accounted for under the modified approach are not depreciated, and maintenance and preservation costs are expensed.

Major Streets

The City manages its major streets subsystem using the Unipavement Pavement Management System. This system uses a measurement scale that considers the condition of the roads as denoted by a Pavement Condition Rating (PCR), ranging from 0 to 100. Roads with PCR ratings of 90 to 100 are considered in "excellent" condition, those with ratings of 80 to 90 are considered in "good" condition, those with ratings of 70 to 80 are considered in "fair" condition, those with ratings of 40 to 70 are considered in "poor" condition, and those with ratings below 40 are considered in "failed" condition.

It is the City's policy to maintain at least 80% of its major streets (by mileage) at or above the "fair" condition level. The City performs a complete condition assessment on each major street every three years. The condition assessment completed in 2003 shows that 86% of the City's major streets were in "fair" or better condition. GASB standards require reporting the last three complete condition assessments and needed-to-actual information for five years. However, the City implemented these new standards in 2003 and did not collect this information for the prior years. The City will continue to collect and retain this information so that over a period of five years, it will be able to report the required information.

In 2003, the City spent \$1,143,580 to maintain and preserve its major streets. These actual maintenance and preservation costs were 23.8% less than the estimated maintenance and preservation costs of \$1,500,000. The savings are a result of the City's ability to reach its target condition level with less than budgeted expenditures. The mild weather conditions of the past several years have reduced required maintenance.

Minor Streets

The condition of the City's minor streets pavement subsystem is measured using the Geodatabase System in which pavement management data has been entered into a database linked to each minor street.

The minor street subsystem is on a five-year resealing schedule. Minor streets are assigned a condition level based on the length of time since last being resurfaced, verified and amended by periodic physical inspection. Streets slurry-sealed the prior year are considered in the "excellent" category, streets slurry-sealed two to four years earlier are considered in the "good" category, streets slurry-sealed five years earlier (scheduled to be redone in the current year) are considered in the "fair" category. Streets which have deteriorated to an extent requiring extensive resurfacing, probably including structural improvements, are considered in the "poor" category.

It is the City's policy to maintain at least 80% of its minor streets (by mileage) at or above the "fair" condition level. The City performs a complete condition assessment on 1/5 of all minor streets annually under its current maintenance policy. The condition assessment completed in 2003 shows that 99% of the City's minor streets were in "fair" or better condition. GASB standards require reporting the last three complete condition assessments and needed-to-actual information for five years. However, the City implemented these new standards in 2003 and did not collect this information for the prior years. The City will continue to collect and retain this information so that over a period of five years, it will be able to report the required information.

WEST VALLEY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2003

In 2003, the City spent \$691,214 to maintain and preserve its minor streets. These actual maintenance and preservation costs were 23.2% less than the estimated maintenance and preservation costs of \$900,000. The savings are a result of the City's ability to reach its target condition level with less than budgeted expenditures. The ongoing maintenance schedule is keeping minor streets at a higher condition level requiring less extensive reconstruction. Also, mild weather conditions of the past several years have reduced required maintenance.

Sidewalks

The condition of the City's sidewalks subsystem is measured using the Geodatabase System in which pavement management data has been entered into a database linked to each street which has accompanying sidewalk. Sidewalks are assigned a condition category based on physical inspection. Sidewalks showing no defects are considered in the "excellent/good" category, sidewalks with light spalling and less than 1" displacement are considered in the "fair" category, sidewalks with light spalling and 1" to 2" displacement are considered in the "poor" category, and sidewalks with heavy spalling or more than 2" displacement are considered in the "failed" category.

It is the City's policy to maintain a minimum of 95% of sidewalks (by length) in the "excellent/good" category. The City performs a complete condition assessment on its sidewalks every three years. The condition assessment completed in 2003 shows that 98% of the City's sidewalks were in "excellent/good" condition. GASB standards require reporting the last three complete condition assessments and needed-to-actual information for five years. However, the City implemented these new standards in 2003 and did not collect this information for the prior years. The City will continue to collect and retain this information so that over a period of five years, it will be able to report the required information.

In 2003, the City spent \$146,997 to maintain and preserve its sidewalks. These actual maintenance and preservation costs were 26.5% less than the estimated maintenance and preservation costs of \$200,000. The savings are a result of the City's ability to reach its target condition level with less than budgeted expenditures.

Long-term debt. At the end of the current year, the City had total debt outstanding of \$172,467,104. The total amount is debt that is secured solely by specific revenue sources (i.e. revenue bonds). The debt shown below is net of the related debt issuance costs and/or unamortized premiums.

West Valley City's Outstanding Debt

	Governmental Activities 2003	Business - type Activities 2003	Total 2003
Revenue bonds	\$ 148,746,057	\$ 14,857,051	\$ 163,603,108
Special improvement district bonds	2,977,000		2,977,000
Note payable	3,297,000		3,297,000
Capital lease	2,589,906		2,589,906
Total	<u>\$ 157,609,963</u>	<u>\$ 14,857,051</u>	<u>\$ 172,467,014</u>

WEST VALLEY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2003

The City's total debt decreased by \$166,941 (0.1%) during the current fiscal year. The City refinanced several existing bonds to take advantage of favorable interest rates.

- The City issued \$8,615,000 in refunding lease revenue bonds for the refunding of the MBA Series 1993 Bond. Thus reducing total debt service payments over the course of the bond terms by about \$549,000 (7.6%).

West Valley City also issued Sales Tax Revenue Bonds Series 2003A, 2003B and 2003C, to refund SID Bonds 94-1, 95-1 and 95-2. The City maintains an "AA" rating from Fitch and from Standard & Poor's

State statutes limit the amount of general obligation debt to a governmental entity may issue up to 4% of its total taxable value. The current limitations for the City are \$207,276,262. The City currently has no outstanding general obligation debt. In addition, state statute allows for an additional 4% to be used for water, sewer, or electrical projects thus resulting in a debt limit of 8% of total taxable value. The current limitation for these water, sewer, or electrical projects is \$207,276,262. The City has no debt of this type.

Additional information on the City's long-term debt can be found in the footnotes to this financial report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Salt Lake County (of which West Valley City is the second largest city) was 7.2%. This compares with a state unemployment rate of 5.4% and a national rate of 6.0%. This compares with previous year's rates of 7.0%. (Source: Utah Department of Workforce Service).
- The General Fund budget for the fiscal year ending June 30, 2003 reflects an increase of 15.7% over the final fiscal year ending June 30, 2002.
- Economic trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City's budget for the 2003 fiscal year.

Request for Information

This financial report is designed to provide a general overview of West Valley City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: West Valley City, Finance Director, 3600 Constitution Boulevard, West Valley City, UT 84119.

BASIC FINANCIAL STATEMENTS

WEST VALLEY CITY
STATEMENT OF NET ASSETS
June 30, 2003

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 22,273,147	\$ 1,330,199	\$ 23,603,346
Receivables:			
Accounts, net	2,129,433	72,696	2,202,129
Taxes	17,885,373		17,885,373
Intergovernmental	3,897,821		3,897,821
Loans receivable	1,097,336		1,097,336
Prepaid expenses	15,405		15,405
Inventory	30,363	152,914	183,277
Interfund loans	297	(297)	0
Restricted assets:			
Cash and cash equivalents	16,885,145	1,802,739	18,687,884
Investments	33,351,506		33,351,506
Capital assets:			
Land	20,248,472	12,993,938	33,242,410
Buildings	115,812,602	4,514,804	120,327,406
Improvements other than buildings		1,408,970	1,408,970
Machinery and equipment	21,884,934	2,434,494	24,319,428
Furniture and equipment	504,685	14,014	518,699
Infrastructure	166,819,684		166,819,684
Accumulated depreciation	(27,204,414)	(2,480,248)	(29,684,662)
Land held for resale	685,864		685,864
Other assets	3,850		3,850
Total Assets	\$ 396,321,503	\$ 22,244,223	\$ 418,565,726

The notes to the financial statements are an integral part of this statement.

WEST VALLEY CITY
STATEMENT OF NET ASSETS (Continued)
June 30, 2003

	Governmental Activities	Business-type Activities	Total
Liabilities:			
Accounts payable	\$ 4,069,720	\$ 352,937	\$ 4,422,657
Accrued liabilities	4,339,050	137,436	4,476,486
Accrued interest payable	2,482,789	344,965	2,827,754
Developer and customer deposits	709,169		709,169
Deferred revenue	18,085,678		18,085,678
Noncurrent liabilities:			
Due within one year	5,834,679	577,626	6,412,305
Due in more than one year	152,869,953	14,279,425	167,149,378
Total Liabilities	188,391,038	15,692,389	204,083,427
Net Assets:			
Invested in capital assets, net of related debt	139,361,331	4,028,921	143,390,252
Restricted for:			
Debt Service	6,978,394		6,978,394
Future development	8,273,635		8,273,635
Unrestricted	53,317,105	2,522,913	55,840,018
Total Net Assets	207,930,465	6,551,834	214,482,299
Total Liabilities and Net Assets	\$ 396,321,503	\$ 22,244,223	\$ 418,565,726

The notes to the financial statements are an integral part of this statement.

WEST VALLEY CITY
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2003

Functions/Programs	Expenses	Programs Revenue			Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Government Activities:							
General governmental	\$ 9,804,666	\$ 3,633,969	\$ 56,721	\$ 142,130	\$ (5,971,846)	\$	\$ (5,971,846)
Public safety	24,133,362	4,661,823	1,261,025		(18,210,514)		(18,210,514)
Highway and public improvements	9,062,361	7,764,449	3,717,756	2,263,897	4,683,741		4,683,741
Parks and recreation	12,491,708	5,965,539	2,000	490,977	(6,033,192)		(6,033,192)
Community development	5,826,288	1,588,626	929,333	2,175,375	(1,132,954)		(1,132,954)
Interest on long-term debt	7,998,498				(7,998,498)		(7,998,498)
Total Governmental Activities	69,316,883	23,614,406	5,966,835	5,072,379	(34,663,263)		(34,663,263)
Business-type Activities:							
Golf courses	3,999,833	2,930,172				(1,069,661)	(1,069,661)
Housing authority	3,258,193	94,147	3,139,760	15,711		(8,575)	(8,575)
Total Business-type Activities	7,258,026	3,024,319	3,139,760	15,711		(1,078,236)	(1,078,236)
Total Government	<u>\$ 76,574,909</u>	<u>\$ 26,638,725</u>	<u>\$ 9,106,595</u>	<u>\$ 5,088,090</u>	<u>\$ (34,663,263)</u>	<u>\$ (1,078,236)</u>	<u>\$ (35,741,499)</u>
General Revenues:							
Property taxes					\$ 16,482,426	\$	\$ 16,482,426
Sales taxes					14,586,796		14,586,796
Franchise taxes					5,807,978		5,807,978
Other taxes					240,881		240,881
Unrestricted investment earnings					3,463,157	34,179	3,497,336
Gain on sale of assets					792,621		792,621
Transfers					(376,538)	376,538	0
Total General Revenues					40,997,321	410,717	41,408,038
Changes in Net Assets					6,334,058	(667,519)	5,666,539
Net Assets, Beginning					201,393,684	7,219,353	208,613,037
Prior Period Adjustment					202,723		202,723
Net Assets, Ending					<u>\$ 207,930,465</u>	<u>\$ 6,551,834</u>	<u>\$ 214,482,299</u>

The notes to the financial statements are an integral part of this statement.

WEST VALLEY CITY
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2003

	General	Building Authority	Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 5,593,364	\$ 4,585,074	\$ 5,380,161	\$ 6,714,548	\$ 22,273,147
Receivables:					
Accounts, net	1,369,381			760,052	2,129,433
Taxes	12,785,373		5,100,000		17,885,373
Intergovernmental	2,547,880			1,349,941	3,897,821
Loan receivables				1,097,336	1,097,336
Prepaid expenses				15,405	15,405
Due from other funds	3,820,941			38,613	3,859,554
Note receivable	6,330,874				6,330,874
Inventory	30,363				30,363
Land held for resale			685,864		685,864
Security deposits				3,850	3,850
Restricted assets:					
Cash and cash equivalents	8,303,423	3,733,594	670,559	4,177,569	16,885,145
Investments		33,351,506			33,351,506
Total Assets	\$ 40,781,599	\$ 41,670,174	\$ 11,836,584	\$ 14,157,314	\$ 108,445,671
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 2,890,629	\$ 22,016	\$ 617,124	\$ 539,951	\$ 4,069,720
Accrued liabilities	3,608,313		26,784	703,953	4,339,050
Developer and customer deposits	709,169				709,169
Due to other funds		38,968	46,879	3,773,410	3,859,257
Deferred revenue	14,484,139	33,432,376	5,108,900	1,239,980	54,265,395
Notes payable		4,600,000	1,730,874		6,330,874
Total Liabilities	21,692,250	38,093,360	7,530,561	6,257,294	73,573,465
Fund Balances:					
Reserved for:					
Debt service	4,805,200	2,173,194			6,978,394
Future development	3,364,272			4,974,988	8,339,260
Long-term note receivable	4,600,000				4,600,000
Unreserved, reported in:					
General fund	6,319,877				6,319,877
Special revenue funds		1,403,620	4,306,023	1,608,071	7,317,714
Capital projects fund				1,316,961	1,316,961
Total Fund Balances	19,089,349	3,576,814	4,306,023	7,900,020	34,872,206
Total Liabilities and Fund Balances	\$ 40,781,599	\$ 41,670,174	\$ 11,836,584	\$ 14,157,314	\$ 108,445,671

The accompanying notes are an integral part of the financial statements.

WEST VALLEY CITY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET ASSETS
June 30, 2003

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balance - governmental funds	\$ 34,872,206
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	298,065,963
Deferred revenues on the governmental funds balance sheet that are accounted for as net assets, long term liabilities, and interest income on the Statement of Net Assets	36,179,717
Interest expense is not due and payable in the current period and therefore is not recorded in the funds.	(2,482,789)
Long-term liabilities, including bonds, capital leases, notes, and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	<u>(158,704,632)</u>
Total net assets - governmental activities	<u>\$ 207,930,465</u>

The accompanying notes are an integral part of the financial statements.

WEST VALLEY CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS
For The Year Ended June 30, 2003

	General	Building Authority	Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 32,386,886	\$	\$ 4,451,724	\$ 279,471	\$ 37,118,081
Fees and passes				9,505,608	9,505,608
Licenses and permits	2,691,483				2,691,483
Intergovernmental	3,658,786			5,081,025	8,739,811
Fines and forfeitures	4,096,954				4,096,954
Charges for services	1,536,230				1,536,230
Rental income				3,514,738	3,514,738
Interest	713,469	2,546,069	73,576	46,623	3,379,737
Special assessments	659,296				659,296
Sale of land	1,847,387				1,847,387
Miscellaneous	1,803,347		600	32,188	1,836,135
Total Revenues	49,393,838	2,546,069	4,525,900	18,459,653	74,925,460
Expenditures:					
Current:					
General government	9,874,625			191,701	10,066,326
Public safety	21,417,432			1,246,054	22,663,486
Highways and public improvements	4,874,727			5,909,987	10,784,714
Parks and recreation	1,894,041			5,350,213	7,244,254
Community development	2,184,848			3,354,761	5,539,609
Other nondepartmental	10,431,966				10,431,966
Redevelopment Agency			1,778,956		1,778,956
Debt service:					
Principal	2,110,284	2,111,727	125,000	306,229	4,653,240
Interest	1,444,592	5,534,605	529,479	70,958	7,579,634
Bond issuance costs	67,673	111,521		500	179,694
Capital outlay:		140,676		1,704,576	1,845,252
Total Expenditures	54,300,188	7,898,529	2,433,435	18,134,979	82,767,131
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,906,350)	(5,352,460)	2,092,465	324,674	(7,841,671)
Other Financing Sources (Uses):					
Proceeds from refunding bonds	4,447,000	5,279,872			9,726,872
Payment on refunded bonds		(5,015,225)			(5,015,225)
Proceeds from capital leases	201,000				201,000
Operating transfers in	1,648,856	4,846,276	21,702	4,169,113	10,685,947
Operating transfers out	(5,799,579)		(601,058)	(4,661,848)	(11,062,485)
Sale of Capital Assets	43,395			72,262	115,657
Total Other Financing Sources (Uses)	540,672	5,110,923	(579,356)	(420,473)	4,651,766
Net Change in Fund Balances	(4,365,678)	(241,537)	1,513,109	(95,799)	(3,189,905)
Fund Balance, Beginning	23,252,304	3,818,351	2,792,914	7,995,819	37,859,388
Prior Period Adjustment	202,723				202,723
Fund Balance, Ending	\$ 19,089,349	\$ 3,576,814	\$ 4,306,023	\$ 7,900,020	\$ 34,872,206

The accompanying notes are an integral part of the financial statements.

WEST VALLEY CITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2003

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (3,189,905)
Governmental funds have reported capital outlays, past and present, as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	(6,130,970)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the statement of net assets.	17,737,194
Government funds report the proceeds from the disposal of capital assets, while the statement of activities reports the gains or loss on disposal of capital assets.	(1,181,378)
Repayment of noncurrent liabilities' principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net assets.	9,439,435
In the statement of activities interest is accrued on noncurrent liabilities, whereas in governmental funds, an interest expense is reported when due.	(315,304)
Proceeds from issuance of noncurrent liabilities is recorded as income in the governmental funds. However, the issuance of noncurrent liabilities is recorded as a liability in the statement of net assets.	(9,756,972)
Disbursements and repayments of housing loans are accounted for as revenues and expenditures, respectively, in the government funds report, and they are not recorded as revenues or expenses for the statement of activities.	(566,960)
The amortization of the discount on investments is accounted for as deferred revenue on the statement of net assets, but is recorded as interest income on the statement of activities.	298,918
Change in net assets of governmental activities	\$ 6,334,058

The accompanying notes are an integral part of the financial statements.

WEST VALLEY CITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For The Year Ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 35,211,174	\$ 34,581,485	\$ 32,386,886	\$ (2,194,599)
Licenses and permits	2,378,000	2,378,000	2,691,483	313,483
Intergovernmental	3,440,312	4,281,632	3,658,786	(622,846)
Fines and forfeitures	3,616,000	3,785,218	4,096,954	311,736
Charges for services	781,437	1,092,461	1,536,230	443,769
Interest	649,553	649,553	713,469	63,916
Special assessments	667,333	667,333	659,296	(8,037)
Sale of land	850,447	850,447	1,847,387	996,940
Miscellaneous	57,000	486,393	1,803,347	1,316,954
Total Revenues	47,651,256	48,772,522	49,393,838	621,316
Expenditures:				
Current:				
General government:				
Legislative	382,401	394,006	397,899	(3,893)
Administrative	6,537,575	6,470,703	6,115,621	355,082
Legal	2,137,604	2,180,654	1,924,224	256,430
Finance	1,282,953	1,331,000	1,176,131	154,869
Nondepartmental	265,000	265,000	260,750	4,250
Public Safety:				
Police	15,090,965	14,904,915	14,520,500	384,415
Fire	6,932,236	7,116,780	6,896,932	219,848
Highways and public improvements	5,087,638	6,182,206	4,874,727	1,307,479
Parks and recreation	1,355,347	2,021,397	1,894,041	127,356
Community development	2,198,141	2,233,325	2,184,848	48,477
Other nondepartmental	5,104,741	21,290,343	10,431,966	10,858,377
Debt service:				
Principal	3,774,788	4,035,104	2,110,284	1,924,820
Interest	264,513	264,513	1,444,592	(1,180,079)
Bond issuance costs			67,673	(67,673)
Total Expenditures	50,413,902	68,689,946	54,300,188	14,389,758
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,762,646)	(19,917,424)	(4,906,350)	15,011,074
Other Financing Sources (Uses):				
Proceeds from refunding bonds	1,827,646	6,104,349	4,447,000	(1,657,349)
Proceeds from capital leases			201,000	201,000
Operating transfers in		300,000	1,648,856	1,348,856
Operating transfers out			(5,799,579)	(5,799,579)
Sale of capital assets			43,395	43,395
Total Other Financing Sources (Uses)	1,827,646	6,404,349	540,672	(5,863,677)
Net Change in Fund Balances	(935,000)	(13,513,075)	(4,365,678)	9,147,397
Fund Balance, Beginning	23,252,304	23,252,304	23,252,304	0
Prior Period Adjustment			202,723	202,723
Fund Balance, Ending	\$ 22,317,304	\$ 9,739,229	\$ 19,089,349	\$ 9,350,120

The accompanying notes are an integral part of the financial statements.

WEST VALLEY CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – BUILDING AUTHORITY
SPECIAL REVENUE FUND
For The Year Ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$	\$ 2,499,270	\$ 2,546,069	\$ 46,799
Miscellaneous		255,000		(255,000)
Total Revenues	0	2,754,270	2,546,069	(208,201)
Expenditures:				
Debt service:				
Principal	7,424,694	2,924,359	2,111,727	812,632
Interest		6,707,988	5,534,605	1,173,383
Bond issuance costs		11,617	111,521	(99,904)
Capital outlay		535,000	140,676	394,324
Total Expenditures	7,424,694	10,178,964	7,898,529	2,280,435
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,424,694)	(7,424,694)	(5,352,460)	2,072,234
Other Financing Sources (Uses):				
Proceeds from issuance of bonds		8,615,000	5,279,872	(3,335,128)
Payment on refunded bonds		(8,615,000)	(5,015,225)	3,599,775
Operating transfers in	7,424,694	7,424,694	4,846,276	(2,578,418)
Total Other Financing Sources (Uses)	7,424,694	7,424,694	5,110,923	(2,313,771)
Net Change in Fund Balances	0	0	(241,537)	(241,537)
Fund Balance, Beginning	3,818,351	3,818,351	3,818,351	0
Fund Balance, Ending	\$ 3,818,351	\$ 0	\$ 3,576,814	\$ 3,818,351

The accompanying notes are an integral part of the financial statements.

WEST VALLEY CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – REDEVELOPMENT AGENCY
SPECIAL REVENUE FUND
For The Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Taxes	\$ 5,102,632	\$ 5,321,632	\$ 4,451,724	\$ (869,908)
Interest	85,000	85,000	73,576	(11,424)
Miscellaneous			600	600
Total Revenues	5,187,632	5,406,632	4,525,900	(880,732)
Expenditures:				
Redevelopment agency	3,786,625	4,319,319	1,778,956	2,540,363
Debt service:				
Principal	1,401,007	125,000	125,000	0
Interest		383,123	529,479	(146,356)
Total Expenditures	5,187,632	4,827,442	2,433,435	2,394,007
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	579,190	2,092,465	1,513,275
Other Financing Sources (Uses):				
Operating transfers in	15,038	21,702	21,702	0
Operating transfers out		(601,086)	(601,058)	28
Total Other Financing Sources (Uses)	15,038	(579,384)	(579,356)	28
Net Change in Fund Balances	15,038	(194)	1,513,109	1,513,303
Fund Balance, Beginning	2,792,914	2,792,914	2,792,914	0
Fund Balance, Ending	\$ 2,807,952	\$ 2,792,720	\$ 4,306,023	\$ 1,513,303

The accompanying notes are an integral part of the financial statements.

WEST VALLEY CITY
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS
June 30, 2003

	Business-Type Activities - Enterprise Funds			
	West Ridge Golf Course	Stonebridge Golf Course	Housing Authority	Totals
Assets:				
Current Assets:				
Cash and cash equivalents	\$ 106,741	\$	\$ 1,223,458	\$ 1,330,199
Accounts receivable, net			72,696	72,696
Inventory	66,382	86,532		152,914
Due from other funds			1,228,307	1,228,307
Total Current Assets	173,123	86,532	2,524,461	2,784,116
Noncurrent Assets:				
Restricted cash and cash equivalents		1,802,739		1,802,739
Capital assets:				
Land	6,904,868	5,910,000	179,070	12,993,938
Buildings	1,085,171	2,260,000	1,169,633	4,514,804
Improvements other than buildings	483,127	925,843		1,408,970
Machinery and equipment	895,341	1,501,824	37,329	2,434,494
Office furniture and equipment	14,014			14,014
Accumulated depreciation	(1,365,368)	(692,241)	(422,639)	(2,480,248)
Total Noncurrent Assets	8,017,153	11,708,165	963,393	20,688,711
Total Assets	\$ 8,190,276	\$ 11,794,697	\$ 3,487,854	\$ 23,472,827

The accompanying notes are an integral part of the financial statements.

WEST VALLEY CITY
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS (Continued)
June 30, 2003

	Business-Type Activities - Enterprise Funds			
	West Ridge Golf Course	Stonebridge Golf Course	Housing Authority	Totals
Liabilities:				
Current Liabilities:				
Accounts payable	\$ 40,511	\$ 63,074	\$ 249,352	\$ 352,937
Accrued liabilities	52,222	69,646	15,568	137,436
Accrued interest payable	52,737	292,228		344,965
Bonds Payable, net	433,220	144,407		577,626
Due to other funds		1,228,307	297	1,228,604
Total Current Liabilities	578,690	1,797,662	265,217	2,641,568
Noncurrent Liabilities:				
Bonds Payable, net	2,852,934	11,426,492		14,279,425
Total Noncurrent Liabilities	2,852,934	11,426,492	0	14,279,425
Total Liabilities	3,431,623	13,224,153	265,217	16,920,993
Net Assets:				
Invested in capital assets, net of related debt	4,731,000	(1,665,472)	963,393	4,028,921
Unrestricted	27,653	236,016	2,259,244	2,522,913
Total Net Assets	4,758,653	(1,429,456)	3,222,637	6,551,834
Total Liabilities and Net Assets	\$ 8,190,276	\$ 11,794,697	\$ 3,487,854	\$ 23,472,827

The accompanying notes are an integral part of the financial statements.

WEST VALLEY CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET
ASSETS – PROPRIETARY FUNDS
For The Year Ended June 30, 2003

	Business-Type Activities - Enterprise Funds			
	West Ridge Golf Course	Stonebridge Golf Course	Housing Authority	Totals
Operating Revenues:				
Administration and lesson fees	\$ 548,856	\$ 860,830	\$	\$ 1,409,686
Other fees			48	48
Equipment and facility rents	298,884	315,143	41,788	655,815
Concession and merchandise sales	335,853	567,459		903,312
Miscellaneous	3,147		52,311	55,458
Total Operating Revenues	1,186,740	1,743,432	94,147	3,024,319
Operating Expenses:				
Cost of sales	156,909	254,898		411,807
General and administrative	318,946	663,530	3,015,563	3,998,039
Salaries and wages	550,474	705,662	193,453	1,449,589
Depreciation	189,583	387,093	49,177	625,853
Total Operating Expenses	1,215,912	2,011,183	3,258,193	6,485,288
Operating Income (loss)	(29,172)	(267,751)	(3,164,046)	(3,460,969)
Nonoperating Income (Expense):				
Intergovernmental revenue			3,139,760	3,139,760
Interest income		29,293	4,886	34,179
Interest expense	(169,443)	(603,295)		(772,738)
Total Nonoperating Income (Expense)	(169,443)	(574,002)	3,144,646	2,401,201
Income (Loss) Before Transfers	(198,615)	(841,753)	(19,400)	(1,059,768)
Transfers in	370,654	738	5,146	376,538
Capital contributions			15,711	15,711
Changes in Net Assets	172,039	(841,015)	1,457	(667,519)
Net Assets, Beginning	4,586,614	(588,441)	3,221,180	7,219,353
Net Assets, Ending	\$ 4,758,653	\$ (1,429,456)	\$ 3,222,637	\$ 6,551,834

The accompanying notes are an integral part of the financial statements.

WEST VALLEY CITY
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
For The Year Ended June 30, 2003

	Business-Type Activities - Enterprise Funds			
	West Ridge Golf Course	Stonebridge Golf Course	Housing Authority	Totals
Cash Flows From Operating Activities:				
Receipts from customers and users	\$ 1,186,742	\$ 1,743,432	\$ 713,966	\$ 3,644,140
Payments to suppliers	(794,877)	(1,224,399)	(4,197,858)	(6,217,134)
Payments to employees and related benefits	(329,294)	(550,808)	(188,935)	(1,069,037)
Net cash flows from operating activities	62,571	(31,775)	(3,672,827)	(3,642,031)
Cash Flows From Capital and Related Financing Activities:				
Capital contributions			15,711	15,711
Purchase of equipment/improvements	(39,565)	(64,723)	(15,703)	(119,991)
Principal paid on bonds	(291,895)	18,839		(273,056)
Interest paid on bonds	(169,443)	(603,295)		(772,738)
Net cash flows from capital and related financing activities	(500,903)	(649,179)	8	(1,150,074)
Cash Flows From Non-Capital Financing Activities:				
Subsidy from federal grants			3,139,760	3,139,760
Net transfers to other funds	370,655	738	5,146	376,539
Net cash flows from non-capital financing activities	370,655	738	3,144,906	3,516,299
Cash Flows From Investing Activities:				
Interest on investments		29,293	4,886	34,179
Net cash flows from investing activities		29,293	4,886	34,179
Net Increase (Decrease) In Cash	(67,677)	(650,923)	(523,027)	(1,241,627)
Cash At Beginning Of Year	174,418	2,453,662	1,746,485	4,374,565
Cash At End Of Year	\$ 106,741	\$ 1,802,739	\$ 1,223,458	\$ 3,132,938

The accompanying notes are an integral part of the financial statements.

WEST VALLEY CITY
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (Continued)
For The Year Ended June 30, 2003

	Business-Type Activities - Enterprise Funds			
	West Ridge Golf Course	Stonebridge Golf Course	Housing Authority	Totals
Reconciliation of operating income (loss) to net cash flows from operating activities:				
Operating income (loss)	\$ (29,172)	\$ (267,751)	\$ (3,164,046)	\$ (3,460,969)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation expense	189,583	387,093	49,177	625,853
(Increase) Decrease in accounts receivables			619,818	619,818
(Increase) Decrease in inventory	(140)	(13,126)	2,069	(11,197)
(Increase) Decrease in due from other funds			(1,228,307)	(1,228,307)
(Increase) Decrease in prepaid expense			9,250	9,250
Increase (Decrease) in accounts payable	(43,931)	(225,430)	120,146	(149,215)
Increase (Decrease) in accrued liabilities	1,445	6,311	3,773	11,529
Increase (Decrease) in interest payable	(55,214)			(55,214)
Increase (Decrease) in due to other funds		81,128	(84,707)	(3,579)
Net cash flows from operating activities	<u>\$ 62,571</u>	<u>\$ (31,775)</u>	<u>\$ (3,672,827)</u>	<u>\$ (3,642,031)</u>

The accompanying notes are an integral part of the financial statements.

WEST VALLEY CITY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

West Valley City (the City) was incorporated on July 1, 1980 under the provisions of the State of Utah and operates under a mayor-council form of government and provides services as authorized by its charter.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, and has chosen to do so, except those that conflict with a GASB pronouncement. The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The more significant accounting policies established in GAAP and used by the City are discussed below.

In June 1999, the Governmental Accounting Standards Board unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- For the first time the financial statements include:
 - A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.
 - Financial statements prepared using full accrual accounting for all of the City's activities, including infrastructure (roads, bridges, etc.).
 - A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The City has elected to implement the general provisions of the statement in the current year.

(A) The Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the related GASB 14 pronouncement. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

WEST VALLEY CITY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(A) The Reporting Entity (Continued)

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government's operations.

The West Valley City Housing Authority (HA) was established to account for all monies received under the Section 8 Housing Assistance payments program and all monies received by the City under the Public Housing program. The HA is governed by a board comprised of the members of the City Council. Although it is a legally separate entity from the City, the HA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the HA. In conformity with accounting principles generally accepted in the United States of America, the financial statements of the HA have been included in the financial reporting entity as a blended component unit. The HA is included in these financial statements as the Housing Authority Enterprise Fund. Separate financial statements are not issued for the HA.

The West Valley City Redevelopment Agency (RDA) was established to prepare and carry out plans to improve, rehabilitate and redevelop blighted areas within the City. The RDA is governed by a board comprised of the members of the City Council. Although it is a legally separate entity from the City, the RDA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the RDA. In conformity with accounting principles generally accepted in the United States of America, the financial statements of the RDA have been included in the financial reporting entity as a blended component unit. The RDA is included in these financial statements as the Redevelopment Agency Special Revenue Fund. Separate financial statements are not issued for the RDA.

The West Valley City Building Authority (BA) was established to finance and construct municipal buildings that are then leased to the City. The BA is governed by a board comprised of the members of the City Council. Although it is a legally separate entity from the City, the BA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the BA. In conformity with accounting principles generally accepted in the United States of America, the financial statements of the BA have been included in the financial reporting entity as a blended component unit. The BA is included in these financial statements as the Building Authority Special Revenue Fund. Separate financial statements are not issued for the BA.

(B) Government-Wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's general administrative services, public safety, highways and streets, planning and engineering, parks, community development, impact fees, recreation, theater, the RDA and the BA are classified as governmental activities. The City's golf courses and the HA are classified as business-type activities.

WEST VALLEY CITY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(B) Government-Wide and Fund Financial Statements (Continued)

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those which are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(C) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they became available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

WEST VALLEY CITY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Sales taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses as appropriate.

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue funds account for resources legally restricted to expenditures for specified current operating purposes and for the enforcement of special services and activities. Accounting and financial reporting for General and Special Revenue Funds are identical. The City accounts for the West Valley City Redevelopment Agency and the Building Authority in special revenue funds.

The City reports the following major proprietary funds:

The West Ridge Golf Course Fund and Stonebridge Golf Course Fund account for the activities of the City's golf courses.

Additionally, the City reports the following fund types:

The Capital Projects Fund accounts for the financial resources to be used for the acquisition or construction of the major capital facilities of the government (other than those financed by Proprietary Funds and Special Revenue Funds).

Special Revenue funds account for resources legally restricted to expenditures for specified current operating purposes and for the enforcement of special services and activities. Accounting and financial reporting for General and Special Revenue Funds are identical. The City accounts for the Fitness Center Fund, Hale Theater Fund, E Center Fund, Sanitation Fund, Road Impact Fund, Park Impact Fund, Fire Impact Fund, Police Impact Fund, Flood Impact Fund, Storm Water Fund, Cultural Celebration Center Fund and Grants Fund as special revenue funds.

Housing Authority Fund (an enterprise fund) accounts for the monies received under the Section 8 Housing Assistance and the Public Housing program.

WEST VALLEY CITY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the General Fund by various enterprise funds for providing administrative and billing services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

(D) Budgetary data

Annual budgets are prepared and adopted, in accordance with State law, by the City Council on or before June 22 for the following fiscal year, beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in several different funds, including the General Fund, Special Revenue Funds and Enterprise Funds. Annual budgets are also adopted for capital projects which may include activities which overlap several fiscal years. The level of the City's budgetary control (that is, the level at which the City's expenditures cannot legally exceed the appropriated amounts) is established at the department level. Each department head is responsible to the Mayor and City Council for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of unreserved General Fund balance until it exceeds 5% of the General Fund revenues. Until the unreserved fund balance is greater than the above amount, it cannot be budgeted, but is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. When an unreserved fund balance is greater than 18% of the next year's budgeted revenues, the excess must be appropriated within the following two years.

Once adopted, the budget can be amended by subsequent City Council action. The City Council can amend the budget to any extent, provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance, in which case a public hearing must be held. With the consent of the city manager and finance director, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year.

WEST VALLEY CITY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(D) Budgetary data (Continued)

Budgets for the General Fund, Special Revenue Funds and Capital Projects Fund are prepared on the modified accrual basis of accounting. Encumbrance accounting is not used by the City.

Expenditures in the Capital Projects Fund are budgeted annually on a project-by-project basis. Although it is the intention of the City that each project be funded by a specific revenue source, the adopted budget reflects only total anticipated revenues by source. Since it is not practicable or appropriate to separate revenues and fund balance on a project-by-project basis, the Capital Projects Fund is reported as an individual fund in the accompanying financial statements.

(E) Tax revenues

On or before June 22 of each year, the City sets the property tax rate for various municipal purposes. If the City intends to increase property tax revenues above the tax rate of the previous year, state law requires the City to provide public notice to property owners and hold public hearings. When these special public hearings are necessary, the adoption of the final budget is made subsequent to June 15. All property taxes levied by the City are assessed and collected by Salt Lake County. Taxes are levied as of January 1 and are due November 30; any delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15, a lien is attached to the property, and the amount of taxes and penalties bears interest from January 1 until paid. Tax liens are placed on a property on the January 1 following the due date of unpaid taxes. If after five years, delinquent taxes have not been paid, the County sells the property at a tax sale. Tax collections are remitted to the City from the County on a monthly basis.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly.

Franchise taxes are collected by telephone, mobile phone, natural gas, electric utilities, and cable television companies and remitted to the City periodically.

(F) Cash and cash equivalents

The City considers all cash and investments with original maturities of three months or less to be cash and cash equivalents. For the purpose of the statement of cash flows, cash and cash equivalents are defined as the cash and cash equivalent accounts and the restricted cash and cash equivalents accounts.

(G) Allowance for doubtful accounts

The City considers receivables to be fully collectible; no allowance for doubtful accounts is required. Amounts that become uncollectible are written off.

(H) Prepaid item

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

WEST VALLEY CITY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Inventories

Inventories are valued at cost, using the first-in first-out (FIFO) method. The costs of governmental fund-type inventories consist of supplies and are accounted for using the consumption method. Purchases are recorded as assets when purchased, then expended when consumed. The costs of proprietary fund-type inventories consist of merchandise and are also accounted for using the consumption method.

(J) Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of fixed assets is computed using the straight-line method over their estimated useful lives as follows:

Assets	Years
Buildings	10 to 40
Infrastructure	20 to 40
Office equipment	3 to 5
Machinery and equipment	3 to 10
Improvements other than buildings	10 to 40
Vehicles	5 to 10

The City has adopted an allowable alternative to reporting depreciation for its transportation infrastructure network. Under this alternative method, referred to as the "modified approach", the City must maintain an asset management system and demonstrate that its transportation network is being preserved at or above condition levels established by City policy. Infrastructure assets accounted for under the modified approach are not depreciated, and maintenance and preservation costs are expensed.

(K) Land held for resale

Land acquired by the Redevelopment Agency and held for resale is accounted for as land held for resale. The cost of the land held for resale is capitalized until the land is sold.

(L) Deferred revenue

Deferred revenue arises when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the revenue is recognized.

WEST VALLEY CITY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(M) Long-Term Obligations

In the government-wide financial statements and proprietary fund types, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the applicable debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(N) Compensated absences

Accumulated unpaid vacation is accrued as incurred, based on the years of service for each employee. Vacation is accumulated on a biweekly basis and is fully vested when earned. Accumulated vacation cannot exceed 240 hours (312 hours for firefighters) at the end of any calendar year. The City instituted a policy that allows employees to sell a maximum of 40 hours per year. At retirement, death, or termination in good standing, all accrued unpaid vacation is paid. Proprietary funds expense all accrued vacation amounts when incurred. Governmental funds report an expenditure as vacation amounts become current. All of the vacation payable is considered current based on the City's policy to allow employees to receive cash for their vacation hours as explained above.

Each year 104 sick leave hours are given to each employee (156 hours for firefighters). Upon retirement, any unused sick leave hours from the old policy will be paid to the employee. Effective January 1, 1996, sick leave no longer accumulates and at year end, employees are paid for unused sick leave hours at 30% and sick leave hours are charged to expenditures as used. Sick leave hours earned prior to this new policy are considered banked hours and cannot be used until the current 104 sick leave hours are used.

(O) Fund equity

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The proprietary fund's contributed capital represents equity acquired through capital grants and capital contributions from developers, customers or other funds.

(P) Deficit fund balance / net assets

At June 30, 2003, two funds had fund balance or net assets deficits: the Fitness Center Fund and Stonebridge Golf Course Fund had fund balance and net assets deficits of (\$1,087,073) and (\$1,429,456), respectively.

(Q) Budget versus actual

During the year the City had excess expenditures over appropriations in the following funds: Fitness Center Fund in the amount of \$17,993, E-Center Fund in the amount of \$64,355, and Cultural Celebration Center Fund in the amount of \$6,730.

WEST VALLEY CITY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(R) Interfund transactions

During the course of normal operations, the City has transactions between funds to subsidize operations in certain enterprise funds, to construct assets, to distribute grant proceeds, etc. These transactions are generally reflected as operating transfers, which are transfers from a fund authorized to receive certain revenues to the fund through which the resources are to be expended.

(S) Estimates and assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits as well as time deposits. Investments are stated at fair value. Each fund's portion of this pool is displayed on the combined balance sheet as "cash and cash equivalents" which also includes cash accounts that are separately held by several of the City's funds.

Investment policy – The City's investment policies are governed by Utah State statutes. City funds are invested only in the following: (1) negotiable or nonnegotiable deposits of qualified depositories (See definition of qualified depository under "Deposits" below); (2) repurchase agreements with qualified depositories or primary reporting dealers, acting as principal for securities of the United States Treasury or other authorized investments, only if these securities are delivered to the custody of the City Treasurer or the City's safekeeping bank or are conducted with a qualified depository; (3) commercial paper which is rated P-1 by Moody's Investor Services or A-1 by Standard and Poor's, Inc., having a remaining term to maturity of 270 days or less; (4) bankers' acceptances that are eligible for discount at a federal reserve bank and which have a remaining term to maturity of 270 days or less; (5) negotiable interest bearing deposits of \$100,000 or more which have a remaining term to maturity of 365 days or less; (6) obligations of the United States Treasury including United States Treasury Bills, United States Treasury Notes, and United States Treasury Bonds; (7) obligations issued or fully guaranteed as to principal and interest by the following agencies or instrumentalities of the United States in which a market is made by a primary reporting government securities dealer: Federal Home Loan Banks, Federal Farm Credit Banks, Federal National Mortgage Association, Federal Agricultural Mortgage Corporation, Federal Home Loan Mortgage Corporation, Tennessee Valley Authority, or Student Loan Marketing Association; (8) the Utah State Treasurer's Investment Fund; and (9) fixed and variable rate corporate obligations that meet criteria under the Utah Money Management Act.

The City did not enter into any reverse repurchase agreements during the year.

WEST VALLEY CITY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 CASH AND INVESTMENTS (Continued)

Deposits – Utah State law requires that City funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. "Qualified depository" includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

As required by the GASB, the City's deposits are categorized to give an indication of the level of risk assumed by the City at year-end. Category 1 includes deposits that are insured or collateralized with securities held by the City or its agent in the City's name. Category 2 includes deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. Category 3 are deposits which are uninsured and uncollateralized. The category, cost and fair value of the City's deposits (bank balance) at June 30, 2003 are as follows:

	Category			Cost	Fair Value
	1	2	3		
Cash on Deposit	\$ 100,000	\$	\$ 22,026,927	\$ 22,126,927	\$ 22,126,927
Certificates of Deposit	100,000		404,516	504,516	504,516
	<u>\$ 200,000</u>	<u>\$ 0</u>	<u>\$ 22,431,443</u>	22,631,443	22,631,443
Investment in Utah State Treasurer's investment pool account				21,297,984	21,328,440
				<u>\$ 43,929,427</u>	<u>\$ 43,959,883</u>

The carrying amount of deposits was \$20,979,078 as of June 30, 2003. The City's sweep account is available to cover checks as they clear the bank. These deposits were made with certified institutions according to the Utah Money Management Act.

Investments – The City's investment policies are governed by State statutes. In addition, the City has its own written investment policies. City funds are invested only in the following: (1) Negotiable or nonnegotiable deposits of qualified depositories (see definition of a qualified depository under "Deposits" above.) (2) Repurchase agreements with qualified depositories or certified dealers, acting as principal for securities of the United States Treasury or other authorized investments only if these securities are conducted with a qualified depository. (3) Commercial paper which is rated P-1 by Moody's Investor Services or A-1 by Standard and Poors, Inc., having a remaining terms to maturity of 270 days or less. Commercial paper can be purchased directly from the depository or the City Treasurer's safekeeping bank or trust company. (4) Banker's acceptance that is eligible for discount at a federal reserve bank and which have a remaining term to maturity of 270 days or less. (5) Negotiable certificates of deposit of \$100,000 or more which have a remaining term to maturity of 365 days or less. (6) Obligations of the United States Treasury including United States Treasury Bills, United States Treasury Notes, and United States Treasury Bonds. (7) The Utah State Treasurer's Investment Pool.

WEST VALLEY CITY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 CASH AND INVESTMENTS (Continued)

Bond deposits are held by an appointed trustee in accordance with the Bond Resolutions. Repurchase agreements are secured by uninsured, unregistered securities held by the counterparty but not in the City's name.

The City's investments are carried at fair value in accordance with SGAS No. 31. The fair value of the position in the external investment pool is equal to the value of the pool shares.

The City's investments are categorized in the following table to give an indication of the level of risk assumed by the City at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. The category, cost and fair value of the City's investments at June 30, 2003, are as follows:

	Category			Carrying Amount	Fair Value
	1	2	3		
Corporate Bond	\$	\$	\$ 33,351,506	\$ 33,351,506	\$ 33,351,506
Total Investments	\$ 0	\$ 0	\$ 33,351,506	\$ 33,351,506	\$ 33,351,506

Components of cash and investments (including interest earning deposits) at June 30, 2003, are as follows:

Cash on hand and on deposit	
Cash on hand	\$ 14,168
Cash on deposit	20,474,562
Certificates of deposit	504,516
Cash equivalents and investments	
State Treasurer's Pool	21,297,984
Corporate Bond	33,351,506
Total cash, cash equivalents and investments	\$ 75,642,736
Governmental Activities	
Cash and cash equivalents	\$ 22,273,147
Restricted cash and cash equivalents	16,885,145
Restricted investments	33,351,506
Total governmental activities	72,509,798
Business-type Activities	
Cash and cash equivalents	1,330,199
Restricted cash, cash equivalents and investments	1,802,739
Total business-type activities	3,132,938
Total cash, cash equivalents and investments	\$ 75,642,736

WEST VALLEY CITY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 LOANS RECEIVABLE

Loans receivable consists of Grants Fund home rehabilitation loans made with Federal grant monies. These loans bear interest at rates ranging from 0% to 12%, depending on the borrower's income level and family size. Certain loans are received in monthly or annual installments; others are due upon the sale or transfer of ownership of the related party. At June 30, 2003, the outstanding balance of the loans is \$1,097,336. The loans are accounted for in the Grants Fund (Special Revenue Fund). In the fund financial statements, the loans are expended at inception and revenues are recognized as payments are received by the City. Deferred revenue is recorded to offset the receivables until the payment is received.

NOTE 4 INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of June 30, 2003 is as follows:

Due to/ from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Housing Authority	\$ 297

The due to/from other funds are the result of individual funds' cash flow needs. These accounts at the fund financial statement level have been eliminated on the statement of net assets.

The City has entered into loan agreements with the Redevelopment Agency whereby the City sold several parcels of land to the Redevelopment Agency in exchange for variable interest rate notes. The interest rate is the current rate paid by the State of Utah cash investment pool, plus 1%. The RDA owes the General fund \$1,730,874 as of June 30, 2003. The rate was 2.66% as of June 30, 2003. During 2003 the Redevelopment Agency paid interest of \$149,553 and repaid principal of \$850,447. The terms of the notes call for repayment of the note by the Redevelopment Agency with tax increment monies generated from land improvements. The repayment of the notes will come solely from the tax increment on the land improvements. In the event that the tax increment received by the Redevelopment Agency is not sufficient to repay the notes, the debt will be forgiven by the City. This interfund receivable/payable has been eliminated on the statement of net assets.

The City has made an agreement with the Building Authority to facilitate the costs of constructing the E Center. The BA owes the General Fund \$4,600,000 as of June 30, 2003 under the terms of a note. The BA has committed to pay back all funds to the General Fund over 20 years at 0%, from the proceeds from bond issues and results of operations. For the years ended June 30, 2001, 2002 and 2003, the repayment terms were suspended and there were no payments. This interfund receivable/payable has been eliminated on the statement of net assets.

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 OPERATING TRANSFERS RECONCILIATIONS

The operating transfers among the funds for the year ended June 30, 2003 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities		
General Fund	\$ 1,648,856	\$ 5,799,579
Building Authority	4,846,276	
Redevelopment Agency	21,702	601,058
Non major governmental funds	4,169,113	4,661,848
Business-type Activities		
West Ridge Golf Course	370,654	
Stonebridge Golf Course	738	
Housing Authority	5,146	
	<u>\$ 11,062,485</u>	<u>\$ 11,062,485</u>

NOTE 6 RESTRICTED ASSETS

Certain assets are restricted to use as follows as of June 30, 2003:

Governmental Activities	
Restricted for bond proceeds, debt service and repair and replace reserves	\$ 44,163,511
Restricted for seized cash	448,982
Restricted for future development	2,246,456
Restricted for "C" road funds	1,273,615
Restricted for impact fees	1,765,072
Restricted for grant revenue unspent	<u>339,015</u>
Total governmental activities	<u>50,236,651</u>
Business-type Activities	
Restricted for bond proceeds, debt service and repair and replace reserves	<u>1,802,739</u>
Total business-type activities	<u>1,802,739</u>
Total restricted cash, cash equivalents and investments	<u>\$ 52,039,390</u>

WEST VALLEY CITY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2003, is as follows:

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 20,425,756	\$ 71,566	\$ (248,850)	\$ 20,248,472
Infrastructure	157,166,861	4,174,588		161,341,449
Total capital assets, not being depreciated	177,592,617	4,246,154	(248,850)	181,589,921
Capital assets, being depreciated:				
Infrastructure	4,160,508	1,317,727		5,478,235
Buildings	104,793,762	11,018,840		115,812,602
Machinery and equipment	21,664,921	1,144,484	(924,471)	21,884,934
Furniture and fixtures	494,696	9,989		504,685
Total capital assets, being depreciated	131,113,887	13,491,040	(924,471)	143,680,456
Less accumulated depreciation for:				
Infrastructure	(1,647,476)	(165,937)		(1,813,413)
Buildings	(11,655,347)	(2,714,370)		(14,369,717)
Machinery and equipment	(8,154,340)	(3,228,786)	842,390	(10,540,736)
Furniture and fixtures	(458,671)	(21,877)		(480,548)
Total accumulated depreciation	(21,915,834)	(6,130,970)	842,390	(27,204,414)
Total capital assets being depreciated, net	109,198,053	7,360,070	(82,081)	116,476,042
Governmental activities capital assets, net	\$ 286,790,670	\$ 11,606,224	\$ (330,931)	\$ 298,065,963

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 284,241
Public safety	1,395,924
Highways and public improvements	824,603
Parks and recreation	3,530,127
Community development	96,075
Total depreciation expense - governmental activities	<u>\$ 6,130,970</u>

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 CAPITAL ASSETS (Continued)

The business-type activities property, plant and equipment consist of the following at June 30, 2003:

	<u>Balance July 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2003</u>
Business Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 12,993,938	\$	\$	\$ 12,993,938
Total capital assets, not being depreciated	<u>12,993,938</u>	<u>0</u>	<u>0</u>	<u>12,993,938</u>
Capital assets, being depreciated:				
Buildings	4,514,804			4,514,804
Improvements other than buildings	1,353,015	55,955		1,408,970
Machinery and equipment	2,380,513	64,036	(10,055)	2,434,494
Furniture and fixtures	<u>14,014</u>	<u></u>	<u></u>	<u>14,014</u>
Total capital assets, being depreciated	<u>8,262,346</u>	<u>119,991</u>	<u>(10,055)</u>	<u>8,372,282</u>
Less accumulated depreciation for:				
Buildings	(739,118)	(134,034)		(873,152)
Improvements other than buildings	(360,335)	(90,448)		(450,783)
Machinery and equipment	(759,918)	(398,189)	9,976	(1,148,131)
Furniture and fixtures	<u>(5,000)</u>	<u>(3,182)</u>	<u></u>	<u>(8,182)</u>
Total accumulated depreciation	<u>(1,864,371)</u>	<u>(625,853)</u>	<u>9,976</u>	<u>(2,480,248)</u>
Total capital assets being depreciated, net	<u>6,397,975</u>	<u>(505,862)</u>	<u>(79)</u>	<u>5,892,034</u>
Business type activities capital assets, net	<u>\$ 19,391,913</u>	<u>\$ (505,862)</u>	<u>\$ (79)</u>	<u>\$ 18,885,972</u>

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 LAND HELD FOR RESALE

Land acquired by the Redevelopment Agency of West Valley City (a Special Revenue fund) and held for resale is accounted for as land held for resale. The cost of land held for resale is capitalized until the land is sold. Land transferred from infrastructure assets of the City is recorded at a nominal amount for accountability purposes. If the Redevelopment Agency sells land at an amount greater than or less than the carrying amount, a gain/loss is recorded. In the government fund financial statements, the resulting gain/loss is accounted for as an other financing source/use, and recognized when measurable and available.

NOTE 9 DEVELOPER AND CUSTOMER DEPOSITS

Developer and customer deposits are principally deposits from developers that are held by the City until building projects receive the required City inspections and are in compliance with all City ordinances.

NOTE 10 DEFERRED PROPERTY TAXES

In conjunction with the implementation of GASB pronouncement 33, "*Accounting and Financial Reporting for Nonexchange Transactions*" the City has accrued property tax receivable and a deferred property tax receivable in the General Fund and Redevelopment Agency in the amounts of \$11,988,000 and \$5,100,000, respectively.

Property taxes recorded in the governmental funds are recorded using the modified accrual basis of accounting, wherein revenues are recognized when they are both measurable and available (expected to be received within 60 days). Property taxes attach as an enforceable lien on property as of the first day of January. Taxes are levied on October 1, and then are due and payable at November 30. Since the property tax levied on October 1, 2003 was not expected to be received within 60 days after the year ended June 30, 2003, the City was required to record a receivable and deferred revenue of the estimated amount of the total property tax to be levied on October 1, 2003.

WEST VALLEY CITY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2003:

	June 30, 2002	Additions	Retirements	June 30, 2003	Due Within One Year
Governmental Activities:					
Bonds payable					
Revenue bonds	\$ 147,283,476	\$ 9,696,838	\$ (8,111,000)	\$ 148,869,314	\$ 4,534,700
Special improvement district bonds	3,582,000		(605,000)	2,977,000	641,000
Plus: unamortized premium		30,034	(3,754)	26,280	(3,754)
Less: debt issuance costs		(170,900)	21,363	(149,537)	21,363
Total bonds payable	<u>150,865,476</u>	<u>9,555,972</u>	<u>(8,698,391)</u>	<u>151,723,057</u>	<u>5,158,091</u>
Notes payable and capital leases					
Note payable	3,297,000			3,297,000	108,000
Capital lease	3,255,420	201,000	(866,514)	2,589,906	1,003,588
Total leases and notes payable	<u>6,552,420</u>	<u>201,000</u>	<u>(866,514)</u>	<u>5,886,906</u>	<u>1,111,588</u>
Other liabilities					
Compensated absences	969,199	125,470		1,094,669	
Total other liabilities	<u>969,199</u>	<u>125,470</u>	<u>0</u>	<u>1,094,669</u>	<u>0</u>
Governmental activities long-term liabilities	<u>158,387,095</u>	<u>9,882,442</u>	<u>(9,564,905)</u>	<u>158,704,632</u>	<u>6,269,679</u>
Business-type Activities:					
Bonds payable					
Revenue bonds	15,574,000	3,365,162	(3,664,000)	15,275,162	547,500
Plus: unamortized premium		19,252	(2,406)	16,846	(2,406)
Less: debt issuance costs	(323,159)	(109,548)	30,701	(402,006)	30,701
Less: unamortized discount	(34,782)		1,831	(32,951)	1,831
Business-type activities long-term liabilities	<u>15,216,059</u>	<u>3,274,866</u>	<u>(3,633,874)</u>	<u>14,857,051</u>	<u>577,626</u>
Total Governmental	<u>\$ 173,603,154</u>	<u>\$ 13,157,308</u>	<u>\$ (13,198,779)</u>	<u>\$ 173,561,683</u>	<u>\$ 6,847,305</u>

WEST VALLEY CITY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 LONG-TERM DEBT (Continued)

Governmental Activities:

Revenue Bonds

Building Authority Refunding Bonds Series 1993, original issue of \$15,785,000, principal due in annual installments beginning January 1994, interest at 5.0% to 6.0% due in semi-annual installments beginning July 1993, with the final payment due January 2010. The bonds were issued to refund the Building Authority Lease Revenue Bonds Series 1989. During the year the City issued the Lease Revenue Refunding Bonds Series 2003 to refund the Building Authority Refunding Bonds Series 1993. The reacquisition price of the refunding bond was the same as the net carrying amount of this bond. This refunding was undertaken to reduce total debt service payments over the next seven years by approximately \$549,000 and resulted in an economic gain of approximately \$515,000. Approximately 60% of the bond is attributable to the Building Authority Fund revenues and the other 40% is attributable to the West Ridge Golf Fund revenues.

\$ 0

Building Authority Tax Exempt Lease Bonds Series 1997, original issue of \$11,375,000, principal due in annual installments beginning January 1999, interest at 4.15% to 5.125% due in semi-annual installments beginning July 1998, with the final payment due January 2018. The bonds were issued to pay for three projects, the Hale Theatre, build and renovate fire station and purchase pumper trucks for the fire department. Debt payments will be funded by lease payments from the Hale Theatre and transfers from the General Fund.

8,820,000

Redevelopment Agency Tax Increment Bonds Series 1997A, original issue of \$7,010,000, principal due in annual installments beginning March 1999, interest at 4.3% to 6.0% due in semi-annual installments beginning September 1997, with the final payment due March 2024. The bonds were issued to pay for financing the cost of land and infrastructure improvements, including curb and gutter, paving and landscaping in respect to construction of the E Center. Debt service payments will be funded by tax increment funds generated within the project area.

6,445,000

Utah Local Road Improvement Program Excise Tax Revenue Bonds Series 1998, original issue of \$8,635,000, principal and interest due in quarterly installments beginning December 1998 with interest at 4.7%, with the final payment due June 2008. The bonds were issued for construction cost for improvements to roads in the City. Debt payments will be funded by revenue from excise taxes.

5,096,000

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 LONG-TERM DEBT (Continued)

Building Authority Lease Revenue Bonds Series 1998A, original issue of \$22,740,000, principal due in annual installments beginning April 2000, interest at 3.7% to 4.75% due in semi-annual installments beginning April 1999, with the final payment due April 2019. The bonds were issued to refund the Building Authority Lease Revenue Bonds Series 1995 and to issue new debt to fund construction of the Fitness Center. Debt service payments will be funded by revenue from the Building Authority Fund. \$ 17,555,000

Building Authority Tax Exempt Lease Bonds Series 2000, original issue of \$1,131,000, principal due in annual installments beginning July 2002, interest at 8.09% due in semi-annual installments beginning January 2001, with the final payment due July 2010. The bonds were issued to purchase land in the Gateway development project area. Debt service payments will be funded by revenue from the Building Authority Fund. 1,041,000

Special Obligation Taxable Crossover Refunding Lease Revenue Bonds Series 2000, original issue of \$32,585,000, average interest rate of 7.73%, using a blended rate of 6.67% bond rate and 8.8% B-coupon rate. The bonds were issued to refinance the \$34,150,000 Building Authority Taxable Lease Revenue Bonds Series 1996A, which were subsequently refinanced through another bond offering. The proceeds of the 2000 Special Obligation Bonds purchased a corporate bond that earns interest at a rate higher than the rate of the 2000 Special Obligation Bonds, generating positive interest earnings and cashflow at maturity. 32,585,000

Circuit Court Revenue Refunding Bonds Series 2001, original issue of \$1,735,000, principal due in annual installments beginning August 2002, interest at 2.95% to 4.45% due in semi-annual installments beginning February 2002, with the final payment due August 2007. The bonds were issued to refund the Circuit Court Lease Revenue Bond Series 1992. Debt service payments are pledged rents which are derived from leasing the court building on an annually renewable lease to the State of Utah on behalf of the State of Judicial Council. 1,624,000

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 LONG-TERM DEBT (Continued)

Building Authority Lease Revenue Bonds Series 2001, original issue of \$5,270,000, principal due in annual installments beginning January 2003, interest at 4.0% to 5.25% due in semi-annual installments beginning January 2002, with the final payment due January 2021. The bonds were issued to fund the building of a new fire station and public works building. Debt service payments will be made from the Building Authority.	\$ 5,070,000
Sales Tax Revenue Bonds Series 2001A, original issue of \$18,310,000, principal due in annual installments beginning July 2003, interest at 3.5% to 5.5% due in semi-annual installments beginning January 2002, with the final payment due July 2021. The bonds were issued for the purchase and renovation of a Public Safety Building and the purchase of Stone Bridge Golf Course. Approximately 34.95% and 65.05% of the debt service payments will be made from the General Fund sales tax and Golf Course revenues, respectively. The balance shown is 65.05% of the total outstanding balance as of June 30, 2003 which is attributable to the governmental activities.	6,400,000
Building Authority Lease Revenue Refunding Bonds Series 2002A, original issue of \$35,810,000, principal due in annual installments beginning August 2003, interest at 2.0% to 5.5% due in semi-annual installments beginning February 2003, with the final payment due on August 2027. The bonds were issued to refund the Building Authority Taxable Lease Revenue Bonds Series 1996A. Debt payments will be funded by proceeds from the E Center's operations and transfers from the General Fund.	35,810,000
Sales tax Revenue Tax Exempt Bonds Series 2002A, original issue of \$15,370,000, principal due in annual installments beginning July 2004, interest at 3.0% to 5.0% due in semi-annual installments beginning January 2003, with the final payment due July 2020. The bonds were issued to finance the costs of acquisition, construction, equipping and improvements of an arts and cultural heritage complex; and to finance equipment purchases and related improvements at the E Center. Debt service payments will be made from the General Fund sales tax.	15,370,000

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 LONG-TERM DEBT (Continued)

Sales Tax Revenue Capital Appreciation Bonds Series 2002B, original issue of \$891,476, principal and interest due in annual installments beginning July 2007, interest at 3.6% to 3.8%, with the final payment due July 2008. The bonds were issued to finance the costs of acquisition, construction, equipping and improvement of an arts and cultural heritage complex; and to finance equipment purchases and related improvements at the E Center. Debt service payments will be made from the General Fund sales tax.

\$ 891,476

Sales Tax Revenue Taxable Bonds Series 2002C, original issue of \$2,465,000, principal due in annual installments beginning July 2003, interest at 5.9% to 6.45% due in semi-annual installments beginning January 2003, with the final payment due July 2017. The bonds were issued to finance the costs of acquisition, construction, equipping and improvement of an arts and cultural heritage complex; and to finance equipment purchases and related improvements at the E Center. Debt service payments will be made from the General Fund sales tax.

2,465,000

Lease Revenue Refunding Bonds Series 2003, original issue of \$8,615,000, principal due in annual installments beginning January 2004, interest at 2.0% to 3.5% due in semi-annual installments beginning July 2003, with the final payment due January 2010. The bonds were issued to refund and decrease the Lease Revenue Refunding Bonds Series 1993. Approximately 60.0% and 40.0% of the debt service payments will be paid from the Building Authority and West Ridge Golf Course, respectively. The balance shown is 60.0% of the total outstanding balance as of June 30, 2003 which is attributable to the governmental activities.

5,249,838

Subordinate Lien Sales Tax Revenue and Refunding Bonds Series 2003A, original issue of \$817,000, principal and interest due in annual installments beginning October 2003, interest at 2.4%, with the final payment due October 2005. The bonds were issued to refund and retire the Special Improvement District Bonds 94-1 Series 1996, 95-1 Series 1998 and 95-2 Series 1998. Debt service payments are financed by assessments to affected property owners within the Improvement District. The annual assessments to the property owners is equal to the annual debt service payments due to the bond holders.

817,000

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 LONG-TERM DEBT (Continued)

Subordinate Lien Sales Tax Revenue and Refunding Bonds Series 2003B, original issue of \$558,000, principal and interest due in annual installments beginning June 2004, interest at 2.65%, with final payment due June 2008. The bonds were issued to refund and retire the Special Improvement District Bonds 94-1 Series 1996, 95-1 Series 1998 and 95-2 Series 1998. Debt service payments are financed by assessments to affected property owners within the Improvement District. The annual assessments to the property owners is equal to the annual debt service payments due to the bond holders.

\$ 568,000

Subordinate Lien Sales Tax Revenue and Refunding Bonds Series 2003C, original issue of \$3,062,000, principal due in annual installments beginning June 2004, interest at 2.04% due in semi-annual installments beginning December 2003, with the final payment due June 2008. The bonds were issued to refund and retire the Special Improvement District Bonds 94-1 Series 1996, 95-1 Series 1998 and 95-2 Series 1998. Debt service payments are financed by assessments to affected property owners within the Improvement District. The annual assessments to the property owners is equal to the annual debt service payments due to the bond holders.

3,062,000

Total revenue bonds

\$ 148,869,314

Special Improvement District Bonds

Special Improvement District Bonds 94-1 Series 1996, original issue of \$2,063,177, principal and interest due in annual installments beginning October 1997, interest at 6.3%, with the final payment due October 2005. Debt service payments are financed by assessments to affected property owners within the Improvement District. The annual assessments to the property owners is equal to the annual debt service payments due to the bond holders.

\$ 817,000

Special Improvement District Bonds 95-1 Series 1998, original issue of \$1,100,000, principal and interest due in annual installments beginning June 1999, interest at 5.9%, with the final payment due June 2008. Debt service payments are financed by assessments to affected property owners within the Improvement District. The annual assessments to the property owners is equal to the annual debt service payments due to the bond holders.

627,000

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 LONG-TERM DEBT (Continued)

Special Improvement District Bond 95-2 Series 1998, original issue of \$2,690,000, principal and interest due in annual installments beginning June 1999, interest at 5.8%, with the final payment due June 2008. Debt service payments are financed by assessments to affected property owners within the Improvement District. The annual assessments to the property owners is equal to the annual debt service payments due to the bond holders.

\$ 1,533,000

Total special improvement district bonds - governmental activities

\$ 2,977,000

Notes Payable

Housing and Urban Development (HUD) Section 108 Note, original note of \$3,297,000, principal due in annual installments beginning August 2003, interest at 5.1% to 6.07% due in semi-annual installments beginning February 2003, with the final payment due August 2021. Trust certificates guaranteed by the Secretary of Housing and Urban Development were sold in a public offering, and these certificates were backed by this and other notes. The notes were used for the exclusive use of cleaning up the Harvey Street project. Debt service payments will be paid by revenues from future draws from the HUD CDBG grant funds.

\$ 3,297,000

Capital Leases

Haz Mat Truck Lease, original amount of \$194,118, lease payments due in annual installments of \$37,733 including interest at 6.6% beginning September 1997, with the final payment due September 2002. The principal and interest payments are made from the General Fund revenues. The lease was used to purchase a special hazardous material fire truck. The lease was paid off during the year.

\$ 0

1999 Equipment lease, original amount of \$2,137,000, lease payments due in semi-annual installments of \$240,790 including interest at 4.9% beginning January 2000, with the final payment due July 2004. The principal and interest payments are made from the General Fund revenues. The lease was used to purchase police vehicles.

688,369

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 LONG-TERM DEBT (Continued)

2001 Equipment Lease, original amount of \$1,530,000, lease principal payments due in annual installments beginning January 2002, including interest at 4.58% due in semi-annual installments beginning July 2001, with the final payment due January 2006. The principal and interest payments are made from the General Fund revenues. The lease was used to purchase emergence service radio equipment and storm drain utility equipment.	\$ 948,400
2002 Equipment Lease, original amount of \$638,761, lease payments due in annual installments of \$81,522 including interest at 4.7% beginning January 2002, with the final payment due January 2012. The principal and interest payments are made from the General Fund revenues. The lease was used to purchase a new fire truck of the 2002 Olympics.	587,261
2002 Equipment Lease, original amount of \$224,778, lease payments due in annual installments of \$50,633 including interest at 4.1% beginning January 2002, with the final payment due January 2007. The principal and interest payments are made from the General Fund revenues. The lease was used to purchase a new fire truck for the 2002 Olympics.	183,361
2002 Equipment Lease, original amount of \$200,000, lease payments due in semi-annual installments of \$21,857 including interest at 3.05% beginning April 2003, with the final payment due October 2007. The principal and interest payments are made from the General Fund revenues. The lease was used to purchase police radios.	<u>182,515</u>
Total capital leases	<u><u>\$ 2,589,906</u></u>

Compensated absences

Long-term portion of accumulated unpaid compensated absences in governmental funds.	<u><u>\$ 1,094,699</u></u>
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WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 LONG-TERM DEBT (Continued)

Business-Type Activities

Revenue Bonds

Building Authority Refunding Bonds Series 1993, original issue of \$15,785,000, principal due in annual installments beginning January 1994, interest at 5.0% to 6.0% due in semi-annual installments beginning July 1993, with the final payment due January 2010. The bonds were issued to refund the Building Authority Lease Revenue Bonds Series 1989. During the year the City issued the Lease Revenue Refunding Bonds Series 2003 to refund the Building Authority Refunding Bonds Series 1993. The reacquisition price of the refunding bond was the same as the net carrying amount of this bond. This refunding was undertaken to reduce total debt service payments over the next seven years by approximately \$549,000 and resulted in an economic gain of approximately \$515,000. Approximately 60% of the bond is attributable to the Building Authority Fund revenues and the other 40% is attributable to the West Ridge Golf Fund revenues.

\$ 0

Sales Tax Revenue Bonds Series 2001A, original issue of \$18,310,000, principal due in annual installments beginning July 2003, interest at 3.5% to 5.5% due in semi-annual installments beginning January 2002, with the final payment due July 2021. The bonds were issued for the purchase and renovation of a Public Safety Building and the purchase of Stonebridge Golf Course. Approximately 34.95% and 65.05% of the debt service payments will be made from the General Fund sales tax and Golf Course revenues, respectively. The balance shown is 65.05% of the total outstanding balance as of June 30, 2003 which is attributable to the governmental activities.

11,910,000

Lease Revenue Refunding Bonds Series 2003, original issue \$8,615,000, principal due in annual installments beginning January 2004, interest at 2.0% to 3.5% due in semi-annual installments beginning July 2003, with the final payment due January 2010. The bonds were issued to refund and defease the Lease Revenue Refunding Bonds Series 1993. Approximately 60.0% and 40.0% of the debt service payments will be paid from the Building Authority and West Ridge Golf Course, respectively. The balance shown is 60.0% of the total outstanding balance as of June 30, 2003 which is attributable to the governmental activities.

3,365,162

Total revenue bonds

\$ 15,275,162

WEST VALLEY CITY
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 11 LONG-TERM DEBT (Continued)

The annual debt service requirements to maturity, including principal and interest for the long-term debt, as of June 30, 2003, are as follows:

Year Ending June 30,	Governmental Activities Revenue Bonds	
	Principal	Interest
2004	\$ 4,534,700	\$ 7,902,115
2005	5,241,700	7,736,319
2006	38,124,400	8,448,903
2007	6,899,619	4,862,682
2008	7,470,057	4,649,581
2009-2013	24,757,938	19,202,269
2014-2018	30,809,900	12,650,193
2019-2023	19,061,000	5,445,269
2024-2027	11,970,000	1,684,237
	148,869,314	\$ 72,581,569
Plus: unamortized premium	26,280	
Less: debt issuance costs	(149,537)	
Total	\$ 148,746,057	

Year Ending June 30,	Governmental Activities Special Improvement District Bonds	
	Principal	Interest
2004	\$ 641,000	\$ 51,471
2005	679,000	150,452
2006	720,000	18,207
2007	455,000	-
2008	482,000	105,021
	\$ 2,977,000	\$ 325,151

WEST VALLEY CITY
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 11 LONG-TERM DEBT (Continued)

Year Ending June 30,	Governmental Activities Section 108 Note	
	Principal	Interest
2004	\$ 108,000	\$ 163,500
2005	113,000	161,221
2006	119,000	158,109
2007	125,000	154,174
2008	131,000	149,528
2009-2013	763,000	653,304
2014-2018	973,000	430,620
2019-2022	965,000	119,160
	<u>\$ 3,297,000</u>	<u>\$ 1,989,616</u>

The future minimum lease payments to be paid by the City for capital leases are as follows:

Year Ending June 30,	Total
2004	\$ 1,003,588
2005	762,688
2006	522,134
2007	175,869
2008	103,379
Thereafter	<u>326,088</u>
Total minimum lease payments	2,893,746
Less: amount representing interest	<u>(303,840)</u>
Present value of net minimum lease payments	<u>\$ 2,589,906</u>

WEST VALLEY CITY
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 11 LONG-TERM DEBT (Continued)

Year Ending June 30,	Business-type Activities Revenue Bonds	
	Principal	Interest
2004	\$ 547,500	\$ 582,400
2005	588,400	576,448
2006	619,700	569,163
2007	710,800	561,227
2008	749,200	552,575
2009-2013	3,600,562	2,510,251
2014-2018	4,020,100	1,676,574
2019-2023	4,438,900	457,386
	15,275,162	\$ 7,486,024
Plus: unamortized premium	16,846	
Less: debt issuance costs	(402,006)	
Less: unamortized discount	(32,951)	
Total	\$ 14,857,051	

The amortization of the accumulated unpaid vacation and sick leave has not been included due to the uncertainty of the amounts and timing of payments.

NOTE 12 RISK MANAGEMENT

The City is exposed to various risks of loss including third party claims, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Settled claims have not exceeded the City's insurance coverage for any of the past four years.

General liability coverage is provided by the Utah Risk Management Mutual Association (URMMA), a risk mutual association to which the City belongs, along with 25 others cities in Utah. The State of Utah Insurance Department regulates URMMA to ensure sound actuarial standards are used. Payment of an annual insurance premium indemnifies the City for claims that exceed a per occurrence deductible. The policy provides \$10 million of liability coverage per occurrence after a deductible of \$15,000. In the event URMMA becomes insolvent, the City is fully responsible for all claims.

Real property is either self-insured or insured through commercial policies. Some vehicles are self-insured (generally those valued at less than \$50,000) while those valued over \$50,000 are typically insured commercially. Where possible and appropriate, in contractual transactions with other persons or entities, responsibility for damages is transferred to the other party or person(s) that perform work for the City. Coverage for asbestos liability is limited to an annual aggregate of \$10,000.

WEST VALLEY CITY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 12 RISK MANAGEMENT (Continued)

The City operates a self-insured workers' compensation program. Each injury is funded by the City to the extent of \$400,000. The City purchases reinsurance to cover any claims that exceed \$400,000. The reinsurance has a limit of \$1,000,000. The City is responsible for any amounts that exceed \$1,000,000 per occurrence. Pinnacle Risk Management Services is the designated third party administrator for the City's workers' compensation program.

The West Valley City administration and City Council are ultimately responsible for setting reserves and adjusting the reserve throughout the life of the claims. The City uses prior loss history and actuary studies as the basis for computing the accrual. The City at this time has no annuities. Workers' compensation claims liability is recorded in the General Fund in accrued liabilities. In management's opinion, the accrued workers' compensation claim liability is adequate to cover the reported claims as well as the incurred but not reported claims for which the City is responsible. The following table shows a history of the last two years of workers' compensation claim liability for the years ended June 30, 2002 and 2003.

	2003	2002	Increase (Decrease)
Workers Compensation claim, liability, beginning year	\$ 750,366	\$ 594,030	\$ 156,336
Claims, including incurred but not reported	363,027	374,130	(11,103)
Payments on claims	(292,309)	(217,794)	(74,515)
Workers Compensation claim, liability, end of year	<u>\$ 821,084</u>	<u>\$ 750,366</u>	<u>\$ 70,718</u>

The obligation of URMMA to pay damages on behalf of the City or covered individuals applies only to damages in excess of the member "deductions" and group "self-insured retentions" outlined in the Coverage Profile. The members' "deductibles" and the group's "self-insured retentions" also include attorney's fees and all other costs incurred in defending a claim.

Each member may adjust, settle, and pay or deny all "property damage" claims which are less than one hundred percent (100%) of that member's deductible and which do not include bodily injury, personal injuries, or alleged violation of civil rights.

NOTE 13 RETIREMENT PLAN

Cost Sharing Defined Benefits Pension Plans

Plan description: The City contributes to the Local Governmental Contributory Retirement System, the Local Governmental Noncontributory Retirement System, the Public Safety Contributory Retirement System, the Public Safety Noncontributory Retirement System, the Firefighters Retirement System, cost-sharing multiple-employer defined benefit pension plans. These plans are administered by the Utah Retirement Systems (the Systems). The Systems provide retirement benefits, annual cost of living adjustments, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

WEST VALLEY CITY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 13 RETIREMENT PLAN (Continued)

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated, 1953, as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (the Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, the Local Governmental Noncontributory Retirement System, and the Firefighters Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding policy: Plan members in the Local Governmental Contributory Retirement System are required to contribute 6% of their annual covered salary (all of which is paid by the City), and the City is required to contribute 4.68% of their annual covered salary. In the Local Governmental Noncontributory Retirement System, the City is required to contribute 8.69% of members' annual covered salary. In the Public Safety Contributory Retirement System, contributory members are required to contribute 10.50% of annual salary (all or part may be paid by the employer for the employee) and the City is required to contribute 7.34% of annual salary and 17.66% of annual covered salary for members in the noncontributory status. In the Firefighters Retirement System, members do not contribute, and the City is required to contribute 7.83% of the members' annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The City contributions to the Local Governmental Contributory Retirement System for the years ended June 30, 2003, 2002, and 2001, were \$116,594, \$107,176, and \$125,273 respectively; for the Noncontributory Retirement System, the contributions for the years ended June 30, 2003, 2002, and 2001, were \$819,102, \$722,428, and \$737,961, respectively; for the Public Safety Contributory Retirement System, the contributions for the years ended June 30, 2003, 2002 and 2001 were \$216,383, \$212,529, and \$251,491, respectively; for the Public Safety Noncontributory Retirement system, the contributions for the years ended June 30, 2003, 2002 and 2001 were \$1,115,011, \$995,031, and \$1,132,178, respectively; and for the Firefighters Retirement System, the contributions for the years ended June 30, 2003, 2002, and 2001, were \$296,431, \$293,064, and \$519,252, respectively. The contributions were equal to the required contributions for each year.

NOTE 14 DEFINED CONTRIBUTION AND DEFERRED COMPENSATION PLANS

401(a) Defined Contribution Plans

The City sponsors a defined contribution plan under Internal Revenue Code 401(a) for City employees covered by the State's contributory and noncontributory retirement plans. International City Managers Association (ICMA) administers this plan. The City's total payrolls for the fiscal years ended June 30, 2003, 2002 and 2001 were \$26,060,998, \$26,460,859, and \$22,009,514, respectively. Of those amounts, \$24,270,536, \$24,641,043, and \$20,696,257 were eligible to participate in this plan for the years ended June 30, 2003, 2002, and 2001, respectively. The City participates at rates between 7.68% and 19.3%. The rate of City participation can be changed by the City Council.

WEST VALLEY CITY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 14 DEFINED CONTRIBUTION AND DEFERRED COMPENSATION PLANS

401(a) Defined Contribution Plans (Continued)

During the years ended June 30, 2003, 2002, and 2001, contributions totaling \$2,274,273, \$2,269,591, and \$1,276,455, respectively were made to this plan by the City. The contributions by the City to the 401(a) plan were 8.73%, 8.58%, and 6.2%, respectively of total covered payroll. The 401(a) defined contribution monies are not available to the City or its general creditors. Therefore, no assets or liabilities of the 401(a) defined contribution plan are reflected in the financial statements.

457 Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participating. The City's total payrolls for the fiscal years ended June 30, 2003, 2002, and 2001 were \$26,060,998, \$26,460,859, and \$22,009,514, respectively. Of those amounts, \$24,270,536, \$24,641,043, and \$20,696,257 were eligible to participate in this plan for the years ended June 30, 2003, 2002, and 2001, respectively. Voluntary contributions made by employees totaled \$711,088 or 2.73% of total payroll expenses in 2003, \$747,804 or 2.83% of total payroll expenses in 2002, and \$742,432 or 3.4% of total payroll expenses in 2001. All contributions were made by the due dates.

In fiscal year 1997, the City adopted Governmental Accounting Standards Board Statement 32 (GASB No.32), *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. As a result of the modifications to the plan documents to conform to the new provisions of the Internal Revenue Code, all of the assets and income of the 457 Plan are held in trust for the exclusive benefit of the participants or their beneficiaries rather than the assets of the employer. Therefore, the assets are no longer assets of the City and are not included in the City's financial statements.

NOTE 15 COMMITMENTS AND CONTINGENCIES

The City had approximately \$1,600,000 of outstanding construction commitments at June 30, 2003.

The City issued the Subordinate Lien Sales Tax Revenue and Refunding Bonds Series 2003A, 2003B and 2003C (2003 Subordinate Lien Bonds) to defease the Special Improvement District Bonds 94-1 Series 1996, 95-2 Series 1998 and 95-2 Series 1998 (SID Bonds). At June 30, 2003, the City had received the bond proceeds to the 2003 Subordinate Lien Bonds, but had not defeased the SID bonds. At June 30, 2003 the City had outstanding balances for the 2003 Subordinate Lien Bonds and the SID Bonds. The SID Bonds were subsequently defeased on the call dates ranging from August 2003 to November 2003.

The City is a defendant in various claims and suits arising from the ordinary course of business. A provision for loss related to litigation of approximately \$155,220 was recorded in the accompanying financial statements. Management believes that any liability resulting from these matters is adequately covered by this provision.

WEST VALLEY CITY
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 15 COMMITMENTS AND CONTINGENCIES (Continued)

In June 2002 the City restructured the management agreement between the City and WVE, Inc., to operate the E Center. WVE, Inc. is a subsidiary of Centennial Management Group and is responsible for the daily operations, maintenance, bookings and events that take place at the E Center. The City is responsible for management and operation of the E Center parking facilities.

The City pays to WVE, Inc., or its parent company, Centennial Management Group, an annual management fee of \$150,000. This annual fixed fee is increased by \$5,000 each year for five years beginning on July 1, 2003. The annual fixed fee is increased by \$7,500 each year for the next five year period beginning on July 1, 2008, and then, beginning on July 1, 2013, the annual fixed fee is increased by \$10,000 each year for the remainder of the agreement. The term of the agreement ends in June 2017.

In addition to the annual fixed fee, if certain performance objectives are reached, the City may pay an additional annual incentive fee payment equal to not more than 5% of the annual fixed fee. These management fees that are paid to WVE, Inc., and/or Centennial Management Group are their only compensation for managing the E Center. All E Center revenues are collected by the City (other than those retained by the concessionaire and the hockey club pursuant to their respective contracts). All E Center expenses (including WVE, Inc. personnel expenses) are paid by the City.

For the term of the management agreement, the City is responsible for depositing \$200,000 per year into a capital reserve fund to be used for normal capital repairs and replacements. This required deposit for the year ended June 30, 2003 was made by the City. Costs of normal capital repairs and replacements in excess of the amount on hand in the reserve fund are the responsibility of the City. Costs of all capital repairs and replacements in excess of the amount on hand in the reserve fund are the responsibility of the City.

WEST VALLEY CITY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 16 INTERGOVERNMENTAL REVENUE

Intergovernmental revenue for the year ended June 30, 2003 consists of the following:

	General Fund	Other Governmental Funds	Business-type Funds
Federal Government:			
CDBG Grant	\$	\$ 843,969	\$ 15,346
FEMA - Emergency Management		42,876	
COPS in Shop		5,428	
COPS Universal		76,273	
COPS in Schools		324,570	
Law Enforcement Block Grant		12,662	
Weapons of Mass Destruction		8,672	
GREAT Grant		45,619	
VAWA Grant		171,761	
Domestic Violence VOCA		79,148	
Weed & Seed		153,203	
EDI Special Projects Grant		1,487,800	
Magic Grant		27,957	
OCDETF DOJ Grant		34,406	
DEA Task Force		29,372	
Environmental Grant	1,700		
HUD - Public Housing			23,694
HUD - Vouchers			2,988,908
Capital Funds Revenue			37,602
Bullet Proof Partnership Program		10,600	
Title V		85,000	
Tobacco Mini Grant		1,005	
AFIS PD Grant		40,000	
PSN Media Grant		4,216	
LEDI - RDA Grant		10,000	
Safe Neighborhood		1,877	
Community Gun Grant		40,000	
HIDTA Police Grant		36,617	
Drug Elimination Grant			4,540
State of Utah:			
Class "C" road fund allotment	3,652,336		
Salt Lake County Arts Tax		286,343	
Salt Lake Homes Revenue			69,670
Home Rehabilitation		124,701	
UHP Grants		49,402	
Cross Alive Grant		3,322	
West Valley City Education Partnership		3,000	
TRBA - Salt Lake County		22,000	
Healthy West Valley City		1,000	
Victim Advocate Donations	4,750		
Pedestrian Safety Grant		1,130	
Salt Lake County Grant		111,802	
Harvey Street - Salt Lake County		100,000	
Contract - Olene Walker		62,160	
Transit Housing - Olene Walker		63,488	
Utah Nonprofit - Harvey Street		525,415	
Community Housing Harvey		154,231	
	<u>\$ 3,658,786</u>	<u>\$ 5,081,025</u>	<u>\$ 3,139,760</u>

WEST VALLEY CITY

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 16 INTERGOVERNMENTAL REVENUE (Continued)

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the City's independent auditors and other governmental auditors. Any disallowed claims resulting from such an audit could become a liability of the General Fund or other applicable fund. Based on prior experience, the City administration believes such disallowance, if any, would be immaterial.

NOTE 17 REDEVELOPMENT AGENCY OF THE WEST VALLEY CITY

For the year ended June 30, 2003, the following activity occurred in the City's Redevelopment Agency:

Tax increment collected from other taxing agencies	\$ 4,451,724
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Amounts expended for:

Site improvements and preparation costs	343,303
Tax increment paid to other taxing agencies	766,356
Administrative costs	669,297
Debt service costs	654,479
Outstanding bonds & loans to finance RDA projects	8,383,991

NOTE 18 CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issue. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2003, there are four series of Industrial Revenue Bonds outstanding, with an aggregate original issue principal amount payable of \$17,215,000 comprised of the following issues:

Company	Maturity	Original Issue Principal Amount
Hospital Corp of America	June 2005	\$ 7,000,000
GFI, Ltd. II K-MART - 1983	December 2007	1,750,000
GFI, Ltd. II K-MART - 1984	December 2010	2,965,000
Sterling Medical - 1986	April 2007	5,500,000
		<u>\$ 17,215,000</u>

WEST VALLEY CITY
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 19 SUBSEQUENT EVENTS

Subsequent to year end, the City paid off the Special Improvement District Bonds 94-1 Series 1996, 95-1 Series 1998 and 95-2 Series 1998 on the call dates ranging from August 2003 to November 2003. The City used proceeds from the Subordinate Lien Sales Tax Revenue and Refunding Bonds Series 2003A, 2003B and 2003C.

NOTE 20 PRIOR PERIOD ADJUSTMENT

During the fiscal year 2002, the City recognized in the General Fund grant expenditures for the COPS and Weed & Seed grants in the amounts of \$122,822 and \$79,901, respectively. The corresponding grant revenue was not properly accrued in the prior year. The City submitted the required reports for the 2002 expenditures and received the revenue in the current fiscal year. The City has determined that the revenue belongs to the prior year and has increased the beginning net assets of the General Fund by \$202,723.

REQUIRED SUPPLEMENTAL INFORMATION

WEST VALLEY CITY
INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE
MODIFIED APPROACH (Continued)
For The Year Ended June 30, 2003

As allowed by GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, the City has adopted an allowable alternative to reporting depreciation for three of seven infrastructure subsystems in the Transportation Network. Under this alternative method, referred to as the “modified approach”, the City must maintain an asset management system and demonstrate that its subsystems are being preserved at or above condition levels established by City policy. Infrastructure assets accounted for under the modified approach are not depreciated, and maintenance and preservation costs are expensed. The City capitalizes costs related to new construction, major replacements, and improvements that increase the capacity and /or efficiency of infrastructure assets reported under the modified approach.

In order to utilize the modified approach, the City is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform and document replicable condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the City.
- Document that the infrastructure assets are being preserved approximately at , or above the condition level established by the City.

The City applies the modified approach to the three major subsystems considered to be owned by the City: Major Streets, Minor Streets and Sidewalks. The goal of the City in conjunction with adopting the modified approach is to develop and provide a cost effective pavement maintenance and rehabilitation program that preserves the City’s investment in its subsystems and enhance public transportation and safety.

Major Streets

The condition of the major streets pavement is measured using the Unipavement Pavement Management System. This system uses a measurement scale that considers the condition of the roads as denoted by a Pavement Condition Rating, (PCR), ranging from 0 to 100. The PCR is used to classify roads into categories as follows:

Category	PRC Rating Range	Description
Excellent	90 - 100	New or nearly new pavement which provides a very smooth ride and is mainly free of distress. (No maintenancd work needed.)
Good	80 - 90	Pavement which provides an adequate ride, and exhibits few, if any, visable signs of distress. (Minor maintenance may be needed.)
Fair	70 - 80	Surface defects in this category such as alligator cracking, potholes, rutting, and raveling are affecting the ride of the user. (Major maintenance is likely needed.)
Poor	40 - 70	These roads have deteriorated to such an extent that they are in need of resurfacing, and the ride is noticeably rough. (Structural improvements, in addition to major maintenance, is likely needed.)
Failed	less than 40	Pavement in this category is severely deteriorated, and the ride quality is unacceptable. (Complete road reconstruction is likely needed.)

WEST VALLEY CITY
INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE
MODIFIED APPROACH (Continued)
For The Year Ended June 30, 2003

Major Streets (Continued)

It is the City's policy to maintain at least 80% of all major streets (by mileage) at or above the "fair to excellent" condition level. The City performs a complete condition assessment on each major street every three years.

Condition Rating of the City's Major Streets
(Percentage of Miles)

<u>Category</u>	<u>2002</u>
Excellent	39%
Good	23%
Fair	24%
Poor	12%
Fail	2%

**Comparison of Needed-to-actual
Maintenance/Preservation**

<u>Major Streets</u>	<u>2002</u>
Estimated	\$ 1,500,000
Actual	1,143,580

This schedule only presents the information for the last year. GASB standards require reporting the last three complete condition assessments and needed – to – actual information for five years. However, the City implemented these new standards in 2003 and did not collect this information for the prior years. The City will continue to collect and retain this information so that over a period of five years, it will be able to report the required information.

Minor Streets

The condition of the minor streets pavement is measured using the Geodatabase System in which pavement management data has been entered into a database linked to each minor street.

In 1996, the City implemented a pavement management program for residential streets. With this program, approximately one-fifth (1/5) of residential streets would be resurfaced each year. All residential streets were divided into five individual maintenance areas. Each street in the maintenance area was surveyed and a maintenance strategy assigned. In 1996, the City acquired the equipment and hired a skilled foreman to implement an in-house slurry seal production crew. The maintenance strategy assigned to most residential streets was slurry seal. However, streets in poor condition were generally resurfaced with an asphalt overlay. All residential streets were slurry sealed between 1996 and 2000 under this program.

Minor streets in commercial and industrial areas were added to the program in 2001.

WEST VALLEY CITY
INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE
MODIFIED APPROACH (Continued)
For The Year Ended June 30, 2003

Minor Streets (Continued)

Due to this regular maintenance program, the City has chosen to use a more simplified condition level assessment for minor streets than is being used for major streets. In December 2002, all streets scheduled for resurfacing in 2003 were inventoried and assigned maintenance strategies based on condition. Additionally, in May 2003, all remaining streets were inventoried and assigned a condition level. The same five condition level categories were used, as with the major streets: Excellent, Good, Fair, Poor, and Failed. However, detailed information such as crack index, severity and extent of pavement distresses was not collected. Each street slurry-sealed the prior year was assigned to the "excellent" category. Streets slurried two to four years ago were assigned to the "good" category, while the streets slurry-sealed five years ago (and scheduled to be redone this year) were assigned to the "fair" category. The inspections conducted by the City identified any exceptions to these broad condition-level designations. Since all streets will receive basically the same treatment every five years, it became unnecessary to identify individual pavement distresses except for the noted exceptions to these groupings.

Category	Description
Excellent	Minor street was slurry-sealed in the prior year.
Good	Minor street was slurry-sealed two to four years ago.
Fair	Minor street was slurry-sealed five years ago and is scheduled in the current year to be slurry-sealed.
Poor	These street has deteriorated to such an extent that they are in need of resurfacing, and the ride is noticeably rough. (Structural improvements, in addition to major maintenance, is likely needed.)

It is the City's policy to maintain at least 80% of all minor streets (by mileage) at or above the "fair to excellent" condition level. The City performs a complete condition assessment on 1/5 of all major streets annually under their current maintenance policy.

Condition Rating of the City's Minor Streets
(Percentage of Miles)

<u>Category</u>	<u>2002</u>
Excellent	18%
Good	64%
Fair	17%
Poor	1%

**Comparison of Needed-to-actual
Maintenance/Preservation**

<u>Minor Streets</u>	<u>2002</u>
Estimated	\$ 900,000
Actual	691,214

WEST VALLEY CITY
INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE
MODIFIED APPROACH (Continued)
For The Year Ended June 30, 2003

Minor Streets (Continued)

This schedule only presents the information for the last year. GASB standards require reporting the last three complete condition assessments and needed – to – actual information for five years. However, the City implemented these new standards in 2003 and did not collect this information for the prior years. The City will continue to collect and retain this information so that over a period of five years, it will be able to report the required information.

Sidewalks

The condition of the sidewalks is measured using the Geodatabase System in which pavement management data has been entered into a database linked to each minor street. The following table details the measurement scale the City uses in assessing the condition rating for sidewalks.

Category	Description
Excellent/ Good	No defects in the sidewalk.
Fair	Light spalling, less than 1" displacement in the sidewalk.
Poor	Light spalling, 1 - 2" displacement in the sidewalk.
Failed	Heavy spalling, more than 2" displacement in the sidewalk.

It is the City's policy to maintain a minimum of 95% of sidewalks by length) are at the "good or excellent" condition level. The City performs a complete condition assessment on each sidewalk every three years.

Condition Rating of the City's Sidewalks

<u>Category</u>	<u>2002</u>
Excellent/Good	97%
Fair	1%
Poor	1%
Fail	1%

**Comparison of Needed-to-actual
Maintenance/Preservation**

<u>Sidewalks</u>	<u>2002</u>
Estimated	\$ 200,000
Actual	146,997

This schedule only presents the information for the last year. GASB standards require reporting the last three complete condition assessments and needed – to – actual information for five years. However, the City implemented these new standards in 2003 and did not collect this information for the prior years. The City will continue to collect and retain this information so that over a period of five years, it will be able to report the required information.

SUPPLEMENTAL INFORMATION

WEST VALLEY CITY
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
June 30, 2003

	Special Revenue Funds				
	Fitness Center	Hale Theatre	E Center	Sanitation	Road Impact Fee
Assets:					
Cash and cash equivalents	\$ 5,471	\$ 168,354	\$ 768,955	\$ 1,206,070	\$
Receivables:					
Accounts, net		35,332	234,408	263,570	
Prepaid expenses			15,405		
Due from other funds		38,613			
Security deposits			3,850		
Restricted assets:					
Cash and cash equivalents					186,965
Total Assets	\$ 5,471	\$ 242,299	\$ 1,022,618	\$ 1,469,640	\$ 186,965
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 48,389	\$	\$ 3,206	\$ 328,250	\$
Accrued liabilities	71,464		440,554	3,640	
Due to other funds	972,691		1,727		
Total Liabilities	1,092,544	0	445,487	331,890	0
Fund Balances:					
Reserved for:					
Future development					186,965
Unreserved, reported in:					
Special revenue funds	(1,087,073)	242,299	577,131	1,137,750	
Total Fund Balances	(1,087,073)	242,299	577,131	1,137,750	186,965
Total Liabilities and Fund Balances	\$ 5,471	\$ 242,299	\$ 1,022,618	\$ 1,469,640	\$ 186,965

WEST VALLEY CITY
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
(Continued)
June 30, 2003

	Special Revenue Funds				
	Park Impact Fee	Fire Impact Fee	Police Impact Fee	Flood Impact Fee	Stormwater Drainage
Assets:					
Cash and cash equivalents	\$	\$	\$	\$	\$ 586,287
Receivables:					
Accounts, net					226,742
Restricted assets:					
Cash and cash equivalents	945,491	65,625	262,490	304,501	
Total Assets	<u>\$ 945,491</u>	<u>\$ 65,625</u>	<u>\$ 262,490</u>	<u>\$ 304,501</u>	<u>\$ 813,029</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accrued liabilities	\$ 1,100	\$	\$	\$ 88,789	\$ 86,133
Total Liabilities	<u>1,100</u>	<u>0</u>	<u>0</u>	<u>88,789</u>	<u>86,133</u>
Fund Balances:					
Reserved for:					
Future development	944,391	65,625	262,490	215,712	
Unreserved, reported in:					
Special revenue funds					726,896
Total Fund Balances	<u>944,391</u>	<u>65,625</u>	<u>262,490</u>	<u>215,712</u>	<u>726,896</u>
Total Liabilities and Fund Balances	<u>\$ 945,491</u>	<u>\$ 65,625</u>	<u>\$ 262,490</u>	<u>\$ 304,501</u>	<u>\$ 813,029</u>

WEST VALLEY CITY
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
(Continued)
June 30, 2003

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Cultural Celebration Center	Grants	Total	Capital Projects	
Assets:					
Cash and cash equivalents	\$ 7,320	\$	\$ 2,742,457	\$ 3,972,091	\$ 6,714,548
Receivables:					
Accounts, net			760,052		760,052
Intergovernmental		1,349,941	1,349,941		1,349,941
Loan receivables		1,097,336	1,097,336		1,097,336
Prepaid expenses			15,405		15,405
Due from other funds			38,613		38,613
Security deposits			3,850		3,850
Restricted assets:					
Cash and cash equivalents		339,015	2,104,087	2,073,482	4,177,569
Total Assets	\$ 7,320	\$ 2,786,292	\$ 8,111,741	\$ 6,045,573	\$ 14,157,314
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$	\$ 17,744	\$ 397,589	\$ 142,362	\$ 539,951
Accrued liabilities	6,730	5,543	703,953		703,953
Due to other funds		1,531,747	2,506,165	1,267,245	3,773,410
Deferred revenue		1,220,780	1,220,780	19,200	1,239,980
Total Liabilities	6,730	2,775,814	4,828,487	1,428,807	6,257,294
Fund Balances:					
Reserved for:					
Future development			1,675,183	3,299,805	4,974,988
Unreserved, reported in:					
Special revenue funds	590	10,478	1,608,071		1,608,071
Capital projects funds			0	1,316,961	1,316,961
Total Fund Balances	590	10,478	3,283,254	4,616,766	7,900,020
Total Liabilities and Fund Balances	\$ 7,320	\$ 2,786,292	\$ 8,111,741	\$ 6,045,573	\$ 14,157,314

WEST VALLEY CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2003

	Special Revenue Funds				
	Fitness Center	Hale Theatre	E Center	Sanitation	Road Impact Fee
Revenues:					
Annual passes and activity fees	\$ 1,569,089	\$	\$ 452,752	\$ 3,093,379	\$ 631,982
Fees					
Intergovernmental		286,343			
Tax increment			279,471		
Rental income		489,868	3,019,550		
Interest		15,017	525		6,527
Miscellaneous	30,188				
Total Revenues	1,599,277	791,228	3,752,298	3,093,379	638,509
Expenditures:					
Current:					
Highways and public improvements				2,296,442	1,392,784
Parks and recreation	2,305,365		2,666,010		
Debt service:					
Principal		15,197	109,718		
Interest		4,207	30,373		
Total Expenditures	2,305,365	19,404	2,806,101	2,296,442	1,392,784
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(706,088)	771,824	946,197	796,937	(754,275)
Other Financing Sources (Uses):					
Operating transfers in	1,878,765		734,381	640	
Operating transfers out	(1,610,262)	(672,542)	(1,103,447)	(363,000)	
Total Other Financing Sources (Uses)	268,503	(672,542)	(369,066)	(362,360)	0
Net Change in Fund Balances	(437,585)	99,282	577,131	434,577	(754,275)
Fund Balance, Beginning	(649,488)	143,017	0	703,173	941,240
Fund Balance, Ending	\$ (1,087,073)	\$ 242,299	\$ 577,131	\$ 1,137,750	\$ 186,965

WEST VALLEY CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (Continued)
For The Year Ended June 30, 2003

	Special Revenue Funds				
	Park Impact Fee	Fire Impact Fee	Police Impact Fee	Flood Impact Fee	Stormwater Drainage
Revenues:					
Fees	\$ 345,259	\$ 113,273	\$ 90,090	\$ 246,142	\$ 2,963,642
Interest	5,339	2,352	1,097	3,087	
Total Revenues	350,598	115,625	91,187	249,229	2,963,642
Expenditures:					
Current:					
Highways and public improvements				337,850	1,882,911
Parks and recreation	372,108				
Debt service:					
Principal					181,314
Interest					36,378
Bond issuance costs					500
Capital outlay					138,655
Total Expenditures	372,108	0	0	337,850	2,239,758
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,510)	115,625	91,187	(88,621)	723,884
Other Financing Sources (Uses):					
Operating transfers in	500,000				
Operating transfers out		(50,000)	(30,000)		(600,000)
Total Other Financing Sources (Uses)	500,000	(50,000)	(30,000)	0	(600,000)
Net Change in Fund Balances	478,490	65,625	61,187	(88,621)	123,884
Fund Balance, Beginning	465,901	0	201,303	304,333	603,012
Fund Balance, Ending	\$ 944,391	\$ 65,625	\$ 262,490	\$ 215,712	\$ 726,896

WEST VALLEY CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (Continued)
For The Year Ended June 30, 2003

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Cultural Celebration Center	Grants	Total	Capital Projects	
Revenues:					
Annual passes and activity fees	\$	\$	\$ 1,569,089	\$	\$ 1,569,089
Fees			7,936,519		7,936,519
Intergovernmental		4,794,682	5,081,025		5,081,025
Tax increment			279,471		279,471
Rental income	5,320		3,514,738		3,514,738
Interest		464	34,408	12,215	46,623
Miscellaneous	2,000		32,188		32,188
Total Revenues	7,320	4,795,146	18,447,438	12,215	18,459,653
Expenditures:					
Current:					
General government		191,701	191,701		191,701
Public safety		1,246,054	1,246,054		1,246,054
Highways and public improvements		0	5,909,987		5,909,987
Parks and recreation	6,730	0	5,350,213		5,350,213
Community development		3,354,761	3,354,761		3,354,761
Debt service:					
Principal			306,229		306,229
Interest			70,958		70,958
Bond issuance costs			500		500
Capital outlay			138,655	1,565,921	1,704,576
Total Expenditures	6,730	4,792,516	16,569,058	1,565,921	18,134,979
Excess (Deficiency) of Revenues Over (Under) Expenditures	590	2,630	1,878,380	(1,553,706)	324,674
Other Financing Sources (Uses):					
Sale of capital assets			0	72,262	72,262
Operating transfers in			3,113,786	1,055,327	4,169,113
Operating transfers out			(4,429,251)	(232,597)	(4,661,848)
Total Other Financing Sources (Uses)	0	0	(1,315,465)	894,992	(420,473)
Net Change in Fund Balances	590	2,630	562,915	(658,714)	(95,799)
Fund Balance, Beginning	0	7,848	2,720,339	5,275,480	7,995,819
Fund Balance, Ending	\$ 590	\$ 10,478	\$ 3,283,254	\$ 4,616,766	\$ 7,900,020

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2003

	Fitness Center - Special Revenue Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues:				
Annual passes and activity fees	\$ 1,959,000	\$ 1,959,813	\$ 1,569,089	\$ (390,724)
Miscellaneous	70,000	70,000	30,188	(39,812)
Total Revenues	2,029,000	2,029,813	1,599,277	(430,536)
Expenditures:				
Current:				
Parks and recreation	2,321,199	2,252,372	2,305,365	(52,993)
Capital outlay	35,000	35,000		35,000
Total Expenditures	2,356,199	2,287,372	2,305,365	(17,993)
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(327,199)	(257,559)	(706,088)	(448,529)
Other Financing Sources (Uses):				
Operating transfers in	1,937,949	1,868,309	1,878,765	(10,456)
Operating transfers out	(1,610,750)	(1,610,750)	(1,610,262)	488
Total Other Financing Sources (Uses)	327,199	257,559	268,503	(9,968)
Net Change in Fund Balances	0	0	(437,585)	(437,585)
Fund Balance, Beginning	(649,488)	(649,488)	(649,488)	0
Fund Balance, Ending	<u>\$ (649,488)</u>	<u>\$ (649,488)</u>	<u>\$ (1,087,073)</u>	<u>\$ (437,585)</u>

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
(Continued)
For The Year Ended June 30, 2003

	Hale Theatre - Special Revenue Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ 286,344	\$ 286,344	\$ 286,343	\$ (1)
Rental income	405,604	405,604	489,868	84,264
Interest	30,000	30,000	15,017	(14,983)
Total Revenues	721,948	721,948	791,228	69,280
Expenditures:				
Current:				
Parks and recreation	30,000	30,000		30,000
Debt service:				
Principal	13,450	13,450	15,197	(1,747)
Interest	5,956	5,956	4,207	1,749
Total Expenditures	49,406	49,406	19,404	30,002
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	672,542	672,542	771,824	99,282
Other Financing Sources (Uses):				
Operating transfers out	(672,542)	(672,542)	(672,542)	
Total Other Financing Sources (Uses)	(672,542)	(672,542)	(672,542)	0
Net Change in Fund Balances	0	0	99,282	99,282
Fund Balance, Beginning	143,017	143,017	143,017	0
Fund Balance, Ending	\$ 143,017	\$ 143,017	\$ 242,299	\$ 99,282

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
(Continued)
For The Year Ended June 30, 2003

	E Center - Special Revenue Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues:				
Fees	\$ 747,000	\$ 747,000	\$ 452,752	\$ (294,248)
Tax increment	245,000	245,000	279,471	34,471
Rental income	3,775,365	3,775,365	3,019,550	(755,815)
Interest			525	525
Total Revenues	4,767,365	4,767,365	3,752,298	(1,015,067)
Expenditures:				
Current:				
Parks and recreation	2,559,654	2,559,654	2,666,010	(106,356)
Debt service:				
Principal	142,092	142,092	109,718	32,374
Capital outlay		40,000		40,000
Total Expenditures	2,701,746	2,741,746	2,806,101	(64,355)
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	2,065,619	2,025,619	946,197	(1,079,422)
Other Financing Sources (Uses):				
Operating transfers in	734,381	734,381	734,381	
Operating transfers out	(2,800,000)	(2,800,000)	(1,103,447)	1,696,553
Total Other Financing Sources (Uses)	(2,065,619)	(2,065,619)	(369,066)	1,696,553
Net Change in Fund Balances	0	(40,000)	577,131	617,131
Fund Balance, Beginning	0	0	0	0
Fund Balance, Ending	\$ 0	\$ (40,000)	\$ 577,131	\$ 617,131

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
(Continued)
For The Year Ended June 30, 2003

	Sanitation - Special Revenue Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Fees	\$ 3,299,400	\$ 3,300,420	\$ 3,093,379	\$ (207,041)
Total Revenues	3,299,400	3,300,420	3,093,379	(207,041)
Expenditures:				
Current:				
Highways and public improvements	2,936,400	2,938,060	2,296,442	641,618
Total Expenditures	2,936,400	2,938,060	2,296,442	641,618
Excess (Deficiency) of Revenues Over (Under) Expenditures	363,000	362,360	796,937	434,577
Other Financing Sources (Uses):				
Operating transfers in		640	640	
Operating transfers out	(363,000)	(363,000)	(363,000)	
Total Other Financing Sources (Uses)	(363,000)	(362,360)	(362,360)	0
Net Change in Fund Balances	0	0	434,577	434,577
Fund Balance, Beginning	703,173	703,173	703,173	0
Fund Balance, Ending	\$ 703,173	\$ 703,173	\$ 1,137,750	\$ 434,577

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
(Continued)
For The Year Ended June 30, 2003

	Road Impact - Special Revenue Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues:				
Fees	\$ 250,000	\$ 1,410,050	\$ 631,982	\$ (778,068)
Interest			6,527	6,527
Total Revenues	250,000	1,410,050	638,509	(771,541)
Expenditures:				
Current:				
Highways and public improvements	250,000	1,413,200	1,392,784	20,416
Total Expenditures	250,000	1,413,200	1,392,784	20,416
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	0	(3,150)	(754,275)	(751,125)
Net Change in Fund Balances	0	(3,150)	(754,275)	(751,125)
Fund Balance, Beginning	941,240	941,240	941,240	0
Fund Balance, Ending	<u>\$ 941,240</u>	<u>\$ 938,090</u>	<u>\$ 186,965</u>	<u>\$ (751,125)</u>

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
(Continued)
For The Year Ended June 30, 2003

	Park Impact Fee - Special Revenue Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Fees	\$ 300,000	\$ 300,000	\$ 345,259	\$ 45,259
Interest	400,000	413,745	5,339	(408,406)
Total Revenues	700,000	713,745	350,598	(363,147)
Expenditures:				
Current:				
Parks and recreation	700,000	713,745	372,108	341,637
Total Expenditures	700,000	713,745	372,108	341,637
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	(21,510)	(21,510)
Other Financing Sources (Uses):				
Operating transfers in			500,000	(500,000)
Total Other Financing Sources (Uses)	0	0	500,000	(500,000)
Net Change in Fund Balances	0	0	478,490	478,490
Fund Balance, Beginning	465,901	465,901	465,901	0
Fund Balance, Ending	<u>\$ 465,901</u>	<u>\$ 465,901</u>	<u>\$ 944,391</u>	<u>\$ 478,490</u>

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
(Continued)
For The Year Ended June 30, 2003

	Fire Impact Fee - Special Revenue Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Fees	\$ 50,000	\$ 50,000	\$ 113,273	\$ 63,273
Interest	0	0	2,352	2,352
Total Revenues	50,000	50,000	115,625	65,625
Expenditures:				
Current:				
Public safety	0	0		
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	50,000	50,000	115,625	65,625
Other Financing Sources (Uses):				
Operating transfers out	(50,000)	(50,000)	(50,000)	
Total Other Financing Sources (Uses)	(50,000)	(50,000)	(50,000)	0
Net Change in Fund Balances	0	0	65,625	65,625
Fund Balance, Beginning	0	0	0	0
Fund Balance, Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 65,625</u>	<u>\$ 65,625</u>

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
(Continued)
For The Year Ended June 30, 2003

	Police Impact - Special Revenue Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues:				
Fees	\$ 100,000	\$ 100,000	\$ 90,090	\$ (9,910)
Interest			1,097	1,097
Total Revenues	100,000	100,000	91,187	(8,813)
Expenditures:				
Current:				
Public safety	70,000	70,000		70,000
Total Expenditures	70,000	70,000	0	70,000
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	30,000	30,000	91,187	61,187
Other Financing Sources (Uses):				
Operating transfers out	(30,000)	(30,000)	(30,000)	
Total Other Financing Sources (Uses)	(30,000)	(30,000)	(30,000)	0
Net Change in Fund Balances	0	0	61,187	61,187
Fund Balance, Beginning	201,303	201,303	201,303	0
Fund Balance, Ending	<u>\$ 201,303</u>	<u>\$ 201,303</u>	<u>\$ 262,490</u>	<u>\$ 61,187</u>

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
(Continued)
For The Year Ended June 30, 2003

	Flood Impact - Special Revenue Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues:				
Fees	\$ 25,000	\$ 445,879	\$ 246,142	\$ (199,737)
Interest			3,087	3,087
Total Revenues	25,000	445,879	249,229	(196,650)
Expenditures:				
Current:				
Highways and public improvements	25,000	445,879	337,850	108,029
Total Expenditures	25,000	445,879	337,850	108,029
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	0	0	(88,621)	(88,621)
Net Change in Fund Balances	0	0	(88,621)	(88,621)
Fund Balance, Beginning	304,333	304,333	304,333	0
Fund Balance, Ending	<u>\$ 304,333</u>	<u>\$ 304,333</u>	<u>\$ 215,712</u>	<u>\$ (88,621)</u>

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
(Continued)
For The Year Ended June 30, 2003

	Stormwater Drainage - Special Revenue Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Fees	\$ 2,900,000	\$ 2,900,000	\$ 2,963,642	\$ 63,642
Miscellaneous		90,000		(90,000)
Total Revenues	2,900,000	2,990,000	2,963,642	(26,358)
Expenditures:				
Current:				
Highways and public improvements	2,139,200	2,304,051	1,882,911	421,140
Debt service:				
Principal	337,800	337,800	181,314	156,486
Interest	58,000	58,000	36,378	21,622
Bond issuance costs			500	(500)
Capital outlay	65,000	65,000	138,655	(73,655)
Total Expenditures	2,600,000	2,764,851	2,239,758	525,093
Excess (Deficiency) of Revenues Over (Under) Expenditures	300,000	225,149	723,884	498,735
Other Financing Sources (Uses):				
Operating transfers out	(300,000)	(600,000)	(600,000)	
Total Other Financing Sources (Uses)	(300,000)	(600,000)	(600,000)	0
Net Change in Fund Balances	0	(374,851)	123,884	498,735
Fund Balance, Beginning	603,012	603,012	603,012	0
Fund Balance, Ending	\$ 603,012	\$ 228,161	\$ 726,896	\$ 498,735

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
(Continued)
For The Year Ended June 30, 2003

Cultural Celebration Center - Special Revenue Fund			
	Budgeted Amounts		Variance with
	Original	Final	Final Budget - Positive (Negative)
Revenues:			
Rental income	\$	\$	\$ 5,320
Miscellaneous			2,000
Total Revenues	0	0	7,320
Expenditures:			
Current:			
Parks and recreation			6,730
Total Expenditures	0	0	6,730
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	590
Net Change in Fund Balances	0	0	590
Fund Balance, Beginning	0	0	0
Fund Balance, Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 590</u>

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
(Continued)
For The Year Ended June 30, 2003

	Grants - Special Revenue Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Intergovernmental Interest	\$ 2,479,263	\$ 7,784,459	\$ 4,794,682 464	\$ (2,989,777) 464
Total Revenues	2,479,263	7,784,459	4,795,146	(2,989,313)
Expenditures:				
Current:				
General government	99,171	311,378	191,701	119,677
Public safety	644,608	2,023,959	1,246,054	777,905
Community development	1,735,484	5,449,121	3,354,761	2,094,360
Total Expenditures	2,479,263	7,784,458	4,792,516	2,991,942
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	1	2,630	2,629
Net Change in Fund Balances	0	1	2,630	2,629
Fund Balance, Beginning	7,848	7,848	7,848	0
Fund Balance, Ending	\$ 7,848	\$ 7,849	\$ 10,478	\$ 2,629

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
(Continued)
For The Year Ended June 30, 2003

	Capital Projects			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Interest	\$	\$	\$ 12,215	\$ 12,215
Total Revenues	0	0	12,215	12,215
Expenditures:				
Capital outlay	855,174	2,111,056	1,565,921	545,135
Total Expenditures	855,174	2,111,056	1,565,921	545,135
Excess (Deficiency) of Revenues Over (Under) Expenditures	(855,174)	(2,111,056)	(1,553,706)	557,350
Other Financing Sources (Uses):				
Sale of capital assets			72,262	(72,262)
Operating transfers in	855,174	855,174	1,055,327	(200,153)
Operating transfers out			(232,597)	232,597
Total Other Financing Sources (Uses)	855,174	855,174	894,992	(39,818)
Net Change in Fund Balances	0	(1,255,882)	(658,714)	597,168
Fund Balance, Beginning	5,275,480	5,275,480	5,275,480	0
Fund Balance, Ending	\$ 5,275,480	\$ 4,019,598	\$ 4,616,766	\$ 597,168